Module: Fostering Financial Futures

This module covers planning for the future, including building a plan for long-term savings, understanding safe investing options, and seeking trustworthy financial advice.

About CanWork BC

CanWork BC aims to make it easier for youth with disabilities ages to 15 to 30 years old to find and keep employment. There are a series of tools and resources for youth, employers, service providers, educators, and caregivers.

CanAssist at the University of Victoria, with the support of the BC Ministry of Social Development and Poverty Reduction, wrote the Provincial Employment Strategy for Youth with Disabilities (ESYD). This strategy informed the tools and resources.

The Youth Tool

The CanWork BC youth tool is available as an interactive online platform at portal.canworkbc.ca and through PDF workbooks such as this one. There are five dimensions of content available.

For the full PDF workbook content and accompanying facilitator guides, as well as other CanWork BC tools and resources, go to canworkbc.ca.

Introduction

This module has three sections to help you build skills to manage your financial future. You'll explore:

- The importance of good credit and how it impacts your financial life.
- An introduction to safe investing and different types of investment accounts.
- When and how to seek professional financial advice.

Each section will take around 15-30 minutes to complete, and you're welcome to take breaks in between.

Each section has activities that connect money management to your own life to make sure this is useful for you. Be prepared to think about and record your answers in whatever way works best. That could be writing your answers in this workbook or using a different format that works for you like voice recording or typing in a notes app.

At the end of the module, you'll have the chance to put what you've learned into practice with reflection questions. Let's get started!

Section 1: Building Credit

Building good credit is an important part of managing your finances. Credit affects your ability to borrow money, rent a home, and even get certain jobs. Understanding how credit works and knowing your credit score can help you make smarter financial decisions.

In this section, we'll cover:

- Building credit and understanding the importance of having good credit.
- Where to check your credit score and what it means.
- Simple ways to improve and maintain a good credit score.

By the end of this section, you will have a better understanding of credit and practical steps you can take to build and maintain it. Are you ready to learn more about how credit affects your financial future?

Let's get started!

Engage and Explore

Credit Card Statement

A credit card statement is a detailed summary of how you've used your credit card over a specific billing period. It shows important details like how much you owe and when your payment is due. Your credit card company or bank will usually send this statement monthly, either by mail or online. You can check it through your bank or credit union's website or app or request a paper copy.

It's a good idea to check your statement regularly so you know how much you need to pay and when. While the format and terms may vary depending on your bank, here are common terms you'll find on a credit card statement:

Credit Card Statement

Your name
Address

Account number
Date

1

Account Summary:

- Total Credit Limit: $5,000
- Available Credit: $3,250
- Previous Balance: $800
- New Balance: $1,750

2

Payment Information:

- Payment Due Date: February 10, 2025
- Total Payment Due: $1,750
- Minimum Payment Due: $50

3

Interest and Fees:

- Interest Charged: $25
- Late Fee (if applicable): N/A

1. **Account summary:** This section shows your total credit limit, how much credit you have left to use, and how much you owe (new balance).
    - **Total credit limit**: The maximum credit amount available on your account.
    - **Available credit**: The remaining credit that you can still use.
    - **Previous balance**: The balance carried over from the previous statement.
    - **New balance**: The total amount owed, including new purchases, fees, and interest.

2. **Payment information:** This is the amount you need to pay by the due date to avoid extra charges. If you can't pay everything, make sure you at least pay the minimum amount.
    - **Payment due date**: The date by which your payment must be made.
    - **Total payment due**: The total balance you need to pay, including all transactions, interest, and fees.
    - **Minimum payment due**: The minimum amount you must pay by the due date to avoid late fees and penalties.

3. **Interest and fees:** These are extra charges if you don't pay your bill on time or spend more than your credit limit. Interest is charged on what you still owe, and fees can be added for late payments or going over your credit limit.

Credit Score

Your credit score is a three-digit number that shows how well you manage credit. You earn points for using credit responsibly and lose points if you have trouble managing it. Your score changes over time as your credit report updates.

Lenders don't share the exact formulas they use to calculate credit scores. However, factors such as your credit history, missed payments, debts, credit card balances, and any record of bankruptcy may affect your credit score. Lenders use your score to decide if they'll lend you money and set their own minimum score requirements. If your score is good, you might be able to negotiate lower interest rates.

How to Check Your Credit Score

There are a few ways you can check your credit score and it's important to know that checking your own score through any of these methods does **not** affect your credit score. These are called **soft inquiries** and are different from hard inquiries, which can temporarily lower your score. Check out some way for checking your credit score below:

Way to Check	Description
Through your bank or credit card provider	Many banks and credit card companies offer free credit score checks as part of their

	online banking, mobile apps, or in-person at their branches.
Credit monitoring services	There are several free or paid services that give you access to your credit score. These services can also alert you to any big changes in your score.
Directly from credit agencies	You can get your credit score from companies that track credit information, though they may charge a small fee.

Tip

A hard inquiry happens when a lender checks your credit report to decide whether to approve new credit. This can happen when you apply for a new credit card, a mortgage, a loan, or ask for a higher credit limit on an existing card. Hard inquiries can lower your credit score a little, so it's a good idea not to apply for too many credit accounts in a short period.

Improving Your Credit Score

Having a good credit score is important for many financial situations, from getting approved for loans to receiving better interest rates. If your credit score isn't where you want it to be, there are some simple strategies you can use to improve and maintain it. Here are some strategies:

Strategy	Description
Keep your credit usage low	One of the key factors in your credit score is how much of your available credit you're using. Try to keep your credit usage below 30% of your total limit. For example, if your credit limit is $1,000, aim to carry a balance of no more than $300. This shows lenders that you're using credit responsibly and not overspending.
Pay your bills	Paying your bills on time is one of the most important things you can do to improve your credit score. Set reminders to ensure you pay your credit cards, loans, and utility bills by their due dates. You could set up an automatic payment from your chequing account for fixed bills that don't change each month. If possible, pay more than the

	minimum payment on your credit cards to reduce your balance faster and save on interest.
Don’t apply for too much credit	Applying for a new credit card or loan can lower your credit score a little. If you apply for too many in a short time, it can hurt your score even more. Having different types of credit helps but avoid applying for too much. Only apply when you really need it.
Keep old credit cards open	The length of your credit history impacts your score, so if you have older credit cards or loans that you’ve managed well, keep them open even if you don’t use them much. Closing old accounts can shorten your credit history, which may lower your score.
Pay off debts	Reducing the amount you owe can positively impact your credit score. If you can, focus on paying off any outstanding balances, especially high-interest debts. This not only improves your credit but also helps you save on interest.

Have different types of credit	Having different types of credit, such as credit cards, loans, lines of credit, or a mortgage, can benefit your score. It shows lenders you can handle a variety of credit accounts responsibly. However, this does not mean you should take on more credit just to diversify. Only take on new credit if it fits your financial needs and you can manage it well.

Make it Personal

Credit Builder Maze

Building your credit is one of the most powerful steps toward financial freedom. It might feel like a big task, but don't worry. Starting small is the key.

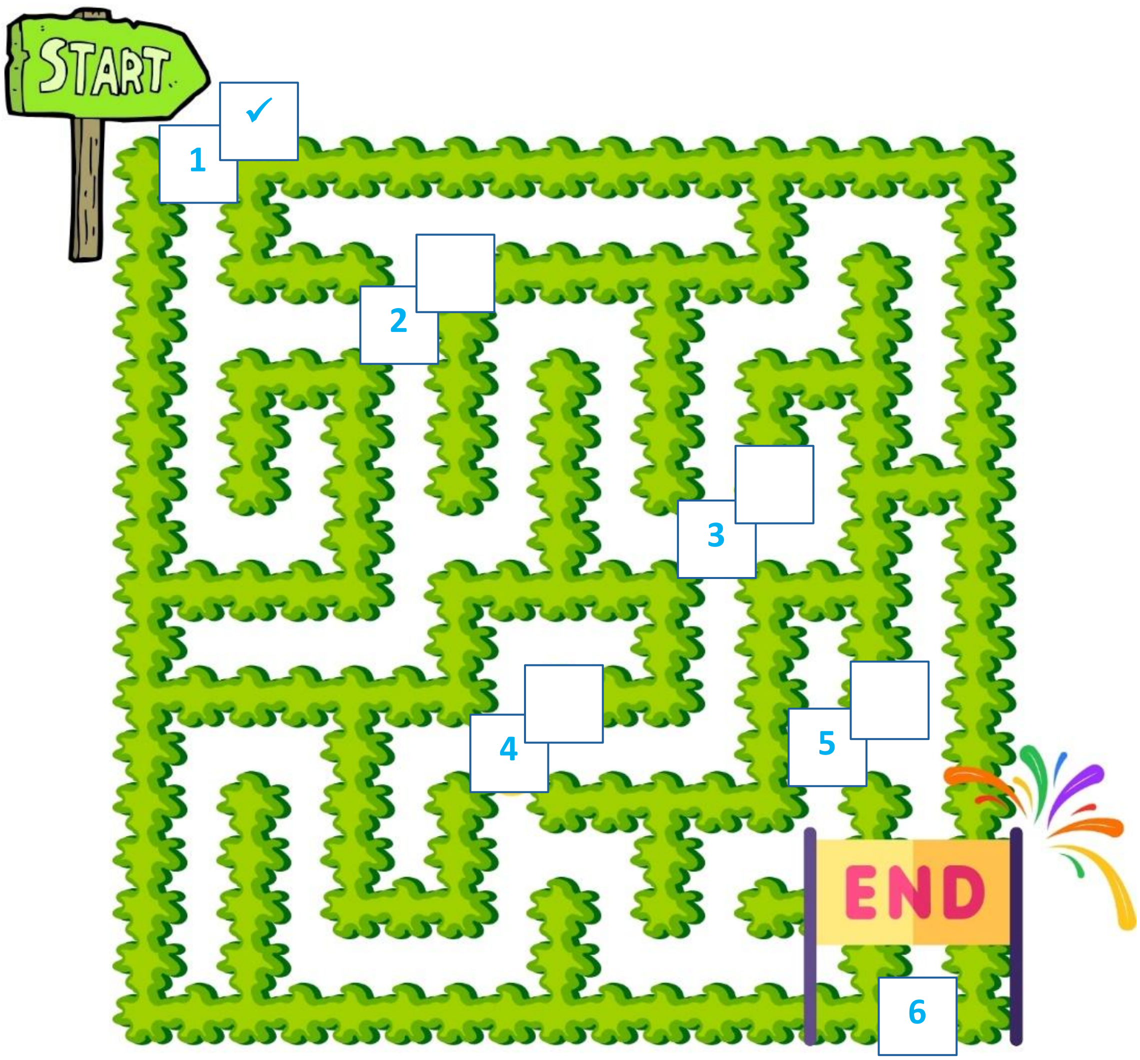
In the maze below, you'll move through different actions that help improve your credit score. Each step brings you closer to your goal of a stronger financial future.

How to play:

- Start at the beginning of the maze.
- For each numbered step, complete the credit-building action.
- Once you complete an action, mark it with a checkmark and move to the next step.
- Keep going until you reach the end of the maze!

Remember, building and improving your credit score takes time, so keep at it! Every small step counts, and over time, you'll see positive results. Ready to get started?

Don't have a credit card yet? Check below for options that can help you start building your credit.



1. **Action: Get familiar with the credit builder maze**
   What you'll do: Read the instructions and get familiar with how to complete the maze.

Tip

You’ve already completed this step by reading the instructions above. Great work – we’ve filled in the check mark for you! Keep it going to step two.

2. **Action: Review your credit card statement**
   What you’ll do: Check your most recent credit card statement for key details such as your balance, payment due date, and interest fees.

3. **Action: Pay off your debt**
   What you’ll do: Look at any outstanding debt and focus on paying it off, starting with the one with the highest interest rate. If you can’t pay it off right now, pay as much as you can.

4. **Action: Keep your credit usage low**
   What you’ll do: Check how much of your credit limit you're using. Keep your balance under 30% of your total credit limit. If you’re close to your limit, try to reduce your balance or request a higher credit limit.

5. **Action: Make your payments on time**
   What you’ll do: Set a reminder for your next payment due date and aim to pay more than the minimum if possible. On-time payments help boost your credit score over time.

6. **Action: Congratulate yourself**
   What you'll do: Be proud of your great work! Remember these actions and try to keep them going.

Build Credit Without a Credit Card

If you don't have a credit card yet, there are other ways to start building your credit. Check them out below:

Way to Start	Description
Become an authorized user	You can ask someone you trust, like a parent or caregiver, to add you as an authorized user on their credit card. This can help you build credit by using their positive payment history.
Try a secured credit card	A secured credit card needs a deposit to set your credit limit. For example, if you deposit $200, your credit limit will be $200. This is a good way to start building your credit if you're new to credit or trying to improve your score.

Section 2: Navigating Investments

Managing investments is an important part of building your financial future. By learning to invest wisely, you can grow your money over time and achieve your financial goals, such as saving for retirement, buying a home, or funding education.

In this section, we'll cover:

- The basics of safe investing, including different types of investment accounts.
- The importance of diversifying your investments to reduce risk.
- Understanding the balance between risk and potential return.

By the end of this section, you will have a better understanding of how to approach investing and make smart decisions for your future. Let's get started!

Engage and Explore

Types of Investment Accounts

Investing can seem overwhelming, but understanding the basics helps you make smarter choices. Unlike saving, which keeps your money in safe secure accounts that grow slowly, investing involves risk but can help your money and assets grow faster. The key is finding the right balance that works for you.

There are several ways to invest your money, and choosing the right account is important. You can explore a full list of investment accounts on the BC Securities Commission Website:

- investright.org/understand-investing/investment-accounts

Here are two of the most popular options:

Option 1: Tax-free Savings Account (TFSA)	
What it is	A TFSA allows you to save or invest money without paying taxes on any earnings you make from your investments.
Why it's good	You don't pay tax when you take the money out, and you can invest in a variety of things such as stocks, bonds, or mutual funds.
Who it's for	This is great for anyone looking to save for medium- or long-term goals while enjoying tax-free growth.
Contribution limits	The contribution limit can change each year. If you don't contribute the maximum one year, you can add the difference to your limit in

	future years. Keep in mind that over-contributing will result in penalties.
How to open it	You can open a TFSA through most banks, credit unions, or investment companies.

Option 2: Registered Retirement Savings Plan (RRSP)	
What it is	An RRSP helps Canadians save for retirement. The money you put in can reduce the amount of taxes you pay that year.
Why it's good	Contributions are tax-deductible, which means you get a tax break now, but you'll pay taxes when you withdraw the money later (ideally during retirement when you might be in a lower tax bracket).
Who it's for	If you're saving for retirement, this is a great way to grow your savings while reducing your taxes in the short term.

Contribution limits	The contribution limit is based on a percentage of your earned income, up to a maximum limit that can change annually. Unused contribution is carried forward to future years.
How to open it	Opening an RRSP is similar to a TFSA and can be done through banks, credit unions, or investment companies.

Tips

- You can find the most recent contribution limits for TFSAs and RRSPs by visiting the Canada Revenue Agency Website: canada.ca/en/revenue-agency/services/tax/registered-plans-administrators/pspa/mp-rrsp-dpsp-tfsa-limits-ympe.html
- It's a good idea to open a Tax-Free Savings Account (TFSA) or a Registered Retirement Savings Plan (RRSP) early, even if you don't have money to contribute right away. By opening these accounts, you can start to increase your yearly maximum limits so you can contribute more in the future.

Types of Investments

Investments come in many forms, and the best one for you depends on your goals and how comfortable you are with risk. Here are a few common types of investments you might consider:

Stocks (equities or shares)	
What it is	Buying shares of a company gives you partial ownership in that company. People talk about "buying two or three shares of a company" or "having stock in a company."
Potential	Stocks can offer high returns but come with higher risk. If the company does well, your investment may grow, but your stock's value may drop if the company struggles.
Example	You buy shares of a technology company. The company grows and your stock increases in value, so you sell some of your shares to make a profit. Later, the market changes and your stock loses value, so your remaining shares are worth less than you bought them for.

Bonds	
What it is	A bond is like a loan you give to a government or company. In return, they promise to pay you back with interest over time.
Potential	Bonds are generally considered safer than stocks but offer lower returns. They're a good way to earn steady income.
Example	You invest in a Government of Canada bond, which can have terms like five years, 10 years, or other lengths. You receive interest every year, and when the bond ends, you get your original investment back.

Mutual Funds	
What it is	Mutual funds pool money from many investors to buy a mix of stocks, bonds, or other assets. A professional manager handles the investments.

Potential	This can be a good option if you want a diversified portfolio without having to manage the investments yourself.
Example	You invest $5,000 in a mutual fund that holds stocks from Canadian companies. If the companies do well, your investment might grow; if they don't, it could decrease.

Guaranteed Investment Certificates (GICs)	
What it is	GICs are low-risk investments where you lend money to a bank for a fixed period and earn interest.
Potential	You're guaranteed to get your initial investment back, plus interest. However, the returns are typically lower than stocks or mutual funds.
Example	You invest $5,000 in a two-year GIC at a fixed interest rate of 2%, and at the end of the term, you'll get $5,100.

Diversifying Investments

Diversifying means lowering your risk by spreading your money across different types of investments. If one investment doesn't do well, others might balance it out. This can help reduce the chance of losing money and gives you a better chance for steady returns. For example, if you invest 50% in stocks, 30% in bonds, and 20% in GICs, even if the stock market drops, your bonds and GICs can still give you steady returns, reducing the impact of stock losses.

Risk Versus Return

When investing, it's important to understand that **higher returns** often come with **higher risks**. Before making any decisions, consider how comfortable you are with taking risks. This is known as your risk tolerance. You can take a risk tolerance quiz on the Government of Canada website to better understand your comfort with risk: https://itools-ioutils.fcac-acfc.gc.ca/yft-vof/eng/invest-1-8.aspx

There are several types of risk to be aware of. Check them out below:

Type	Description
Market risk	The risk that your investment could lose value if the market goes down.

Inflation risk	The risk that your investment won't grow enough to keep up with the rising cost of living.
Liquidity risk	The risk that you can't sell your investment quickly if you need the money.

Tips

- Investing doesn't have to be done alone. Many people work with a financial advisor or investment professional to help them understand their options and make informed choices.
- Remember, investing involves costs such as buying and selling fees (which you pay when you trade investments) and management fees (which you pay to professionals or companies to manage your investments). You can use this investment fee calculator to understand how fees affect your returns: investright.org/tools-resources/calculators/investment-fee-calculator
- For more guidance, you can check out these video playlists on topics like being a passive or active investor, choosing investments, and more: investright.org/tools-resources/elearning/get-started-with-investing/get-started-with-investing-the-basics/have-you-considered-investing/

Make it Personal

Create Your Safe Investment Checklist

Investing can be tricky but understanding what to look for can help you make smart choices. This activity will help you figure out what to avoid in risky investments and guide you in choosing safer options. By making your own checklist, you'll know exactly what to look for and to avoid. It's important to keep this list updated so you stay on track and make the best decisions for your financial future.

Follow each step below to create your personal investment checklist. This will help you choose safer investment options that fit your financial goals. Write your answers below or in a notes app or another digital format that works for you.

1. **Create your red flags list**
   Red flags are things that warn you an investment might not be safe. Write down at least five red flags you should avoid when choosing investments. Here are a few examples to get you started:
   - *Promises of quick and high returns with little to no risk.*
   - *Investments that you don't fully understand.*
   - *Lack of transparency or clear information.*
   - *High fees for buying, selling, or managing the investment.*
   - *Feeling pressured to make quick decisions without enough time to research.*

Question: What are your investment red flags?

2. **Pick investments options**
   Now that you know what to look for and what to avoid, consider exploring investment accounts like a Tax-Free Savings Account (TFSA) to hold your investments and earn money tax-free. After that, choose one or two safe investment options to explore based on what you're comfortable with regarding risk and return. These might include:
   - **Bonds**: When you lend money to a government or company for a set period, and they pay you interest over time. Bonds are usually safer than stocks. You can buy bonds through banks or investment firms.
   - **Mutual funds**: A collection of different investments (stocks, bonds, etc.) managed by a professional. This can be a good option if you want to invest in a variety of things without having to manage each one yourself.
   - **Guaranteed Investment Certificates (GICs)**: A low-risk investment where you lend money to a bank, and they pay you interest. You'll get your money back at the end of the term (like one year, two years, etc.).

Question: What are one or two safe investment options you would like to explore?

3. **Do your research**
   For each investment you've listed, think about some things you should research before deciding. This step is important to make sure you're choosing the right investment for your situation. Use the example chart below to help you. Write your answers in the blank chart provided or in a notes app or another digital platform that works for you.

Investment Option: Bonds	
The return *How much money you could make from this investment over time.*	**Research:** How much the bond will pay you.

The fees *What fees you have to pay to buy, sell, or manage the investment.*	**Research:** Is the government or company that is issuing the bond reliable?
The risks *What could go wrong with the investment? Is there a chance you could lose money?*	**Research:** This is when the bond will be paid back. For example, a five-year bond means you will get your money back after five years.
The time commitment *How long you need to hold the investment. Some investments may require you to lock in your money for a set period, which could impact your financial flexibility.*	**Research:** How the issuer has performed in the past, particularly in terms of paying back debts. While past performance doesn't guarantee future results, it can offer insight into the issuer's reliability.

Research your own:

Investment Option 1:	
The return	
The fees	
The risks	
The time commitment	

(Optional) **Investment Option 2:**	
The return	

The fees	
The risks	
The time commitment	

Section 3: Seeking Financial Advice

Managing your finances can feel overwhelming, and sometimes it's helpful to seek advice from someone who understands money better. Knowing when and where to look for financial advice is important for making informed decisions about your financial future.

In this section, we'll cover:

- When and where to seek reliable financial advice.
- Tips for evaluating advice to make sure it's right for you.
- How to avoid common mistakes when looking for financial help.

By the end of this section, you'll have a better understanding of how to seek financial advice that suits your needs and helps you make smart financial choices. Let's explore how the right advice can lead to a better financial future! Let's get started!

Engage and Explore

What is Financial Advice?

Financial advice refers to guidance and recommendations about managing your money, investments, and financial goals. It can help you make informed decisions about planning for the future, paying off debt, investing, and preparing for retirement.

Let's explore when to ask for financial advice and how to get it.

When to ask for financial advice

Event	Description
Starting to save or invest	When you're thinking about saving for retirement, buying a house, or starting an investment, professional guidance can make the process easier and more effective.
Dealing with debt	If you have a lot of debt and are unsure how to manage it, a financial advisor can help you create a plan to pay it off in a way that works for you.
Life changes	Big life events like getting married, caring for a child, or retiring all impact your finances. Financial advice can help you prepare and adjust for these changes.
Handling taxes	If taxes confuse you, or you think you could be saving more money, a financial advisor can simplify the process and potentially help you reduce your tax payments.

How to get financial advice

Way	Description
Banks and credit unions	These places often have staff who can help you understand and buy basic financial products, like savings accounts, Guaranteed Investment Certificates (GICs), and mutual funds. They can also help with savings plans like Registered Retirement Savings Plans (RRSPs) or Tax-Free Savings Accounts (TFSAs).
Stockbrokers and mutual fund dealers	These professionals help with buying and selling investments like stocks (ownership shares in companies), bonds (loans you give to companies or governments, which they pay back with interest), and mutual funds (where money from many people is combined and invested in stocks and bonds). They can also help with registered savings plans like Registered Retirement Savings Plans (RRSPs).

Insurance companies	Insurance companies have advisors who can help with investment options like mutual funds, segregated funds (similar to mutual funds but with some insurance protection), and annuities (which provide regular payments, often for retirement). They also offer life and health insurance.
Independent financial planning companies or consultants	These advisors provide detailed financial advice and personalized planning. Some are registered to sell financial products, while others charge a fee for advice. They're helpful for long-term financial goals and customized guidance.

Evaluating Financial Advice

Not everyone who calls themselves a financial advisor or planner has the right training or qualifications. In some areas, anyone can use these titles, even without special certifications.

That's why it's important to check their background and understand how they're paid. Keep reading to find out how to make sure you're getting advice from someone who is qualified and has your best interests in mind:

Step	Description

Check credentials and registration	• Use the National Registration Search to check if the advisor is registered: info.securities-administrators.ca/nrsmobile/nrssearch.aspx
	• Check if they are registered with regulatory organizations like the Canadian Investment Regulatory Organization (CIRO): ciro.ca/
	• Make sure they have the right qualifications. For financial planners, there are three common designations:
	    ○ Certified Financial Planner
	    ○ Personal Financial Planner
	    ○ Registered Financial Planner.
	• Ask about their education and experience to make sure they specialize in the area you need help with.

Understand fees and compensation	• Advisors may charge an hourly fee, earn a commission, or take a percentage of your assets under management. Ask how they are compensated. • Advisors who earn a commission may be biased toward products that benefit them

	financially. Be aware of potential conflicts of interest.
Ask for references	• Ask for references from previous clients to ensure the advisor has a good track record.

Avoiding Common Mistakes

There are a few common mistakes people make when looking for financial advice. Here are some of them to watch out for:

Common Mistake	Description
Not asking enough questions	Ask lots of questions. The more you know about your advisor's qualifications, fees, and methods, the better decisions you can make.
Relying on one source	It’s important to cross-check advice and get opinions from multiple sources to ensure you’re on the right path.

Not understanding fees	Make sure you know exactly how your advisor is compensated and what you'll be charged for their services.
Ignoring conflicts of interest	Remember that some advisors may have financial reasons that could affect their advice. It's important to ask if they are connected to any of the products they recommend.

Make it Personal

Meeting with Your Financial Advisor

Asking the right questions is important when meeting with a financial advisor. It helps you make informed decisions and ensures the advice fits your financial goals. This guide offers you key questions to consider. Pick the ones that are most important to you (you don't need to ask all of them).

Advisors will also ask questions about your financial situation to customize their advice. The more details you provide, the better guidance you'll receive. Let's look at some questions you may ask and what the advisor might want to know from you. Also, be sure to check out the helpful tips to get prepared and review the next steps at the end of the guide.

Tips

- **Know your financial goals**: Know what you want to achieve financially, like saving for retirement, paying off debt, or investing.
- **Be honest about your finances**: Share accurate information about your income, expenses, debts, and assets. Let your advisor know about any big life changes such as a new job, marriage, or big purchases.
- **Take notes during meetings**: Write down the advice you get to make sure it fits your goals. This helps you review it later and make better choices.
- **Set realistic expectations**: Understand that financial growth takes time, and no advisor can promise quick results.
- **Talk to different advisors:** Meet with a few advisors to compare their services before making a decision.

Questions to ask a financial advisor

Topic	Sample Questions
Qualifications	• What is your education and experience? • Are you certified and with which designations?

	- Are you registered with a securities regulator? - Have you ever been disciplined or had restrictions on your registration?
Firm and services	- How long has your firm been in business? - How long have you worked here? - What services and products do you offer? - How do you choose investments for your clients? - How will you help me achieve my financial goals?
Working relationship and compensation	- Are you paid a salary, commission, or through fees? - How often will we meet? - How will you keep me updated? - Can you provide references from past clients?

What your financial advisor might ask

Topic	Sample Questions
Personal information	• What is your age? • What is your total annual income? • What is your estimated net worth? • Do you have any dependents? • What are your monthly expenses? • What is the amount of income tax you paid for the year?
Investor profile	• What is your investment knowledge and experience? • What are your investment goals? • When will you need access to money you've invested? • What is your risk tolerance?

Next Steps

Use this guide for your next meeting with a financial advisor. Decide on the questions that matter most to you, and make sure you're prepared to answer their questions as well. This will help you get the best advice for your financial future.

Reflect and Connect

We've covered a lot in this module, including:

- The importance of maintaining good credit.
- The basics of investing and how to make informed decisions.
- When and how to look for financial advice.

Take a moment to think about the questions below and how they relate to your experiences. Think of this as a reflective journal for yourself, which you can refer to later.

Happy reflecting!

What does financial security mean to you, and what's one step you can take toward building it?

What's a strategy you can use to improve your credit score?

- *Example: Pay off a small balance or review your credit card statement regularly.*

What's one thing you learned about how to invest safely that you can keep in mind for the future?

If you met with a financial advisor, what are questions or main concerns that you would want to discuss to make sure they understand your situation?

What is one resource or strategy you can explore this week to feel more confident about your financial future?

Keep Going

There is so much more to learn! Access the full CanWork BC content and learn more about the program at **canworkbc.ca.**

This program is funded by the Government of Canada and the Province of British Columbia.