

choices & decisions

taking charge of your financial life™



lesson plans

acknowledgements

choices & decisions Canadian revision team

Thanks to the members of the Canadian Revision Team who expanded and updated this resource for the Canadian consumer and educational community. Team members are educators with a background in business education.

Elizabeth Herde
Ottawa, Ontario

Jeff Rae
Orillia, Ontario

Jack Wilson
Kingston, Ontario

Terry Murphy
Kingston, Ontario

Canadian Intramural Recreation Association
Angèle Beauséjour
Denise Pittuck
Rick Turnbull

Visa Canada Association
Pran Bahl

The Credit Counselling Service of Toronto
Laurie F. Campbell
Fergus T. Millar

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Ottawa, Ontario

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Visa Canada Association
40 King St. West, Suite 3710
Toronto, Ontario M5H 3Y2
(416) 367-8472

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choices & decisions curriculum update

This instructional unit was expanded and updated by Dr. Les Dlabay, Associate Professor of Business, Lake Forest College, Lake Forest, Illinois. Dr. Dlabay has taught more than 30 different business courses in high school, college, university, adult education, and teacher preparation programs. He has conducted workshops and seminars for teachers in more than 20 states. Dr. Dlabay is co-author of *Personal Finance*, Fifth Edition, published by Irwin/McGraw-Hill. Previous editions of this book have been used at more than 600 colleges and universities. He is also author of *Business in a Global Economy*, published by ITP/South-Western Educational Publishing. Dr. Dlabay may be contacted via email at dlabay@LFC.edu. Judith Cohart, as Director of Education/Training for the National Foundation for Consumer Credit, reviewed the materials and provided guidance for the revisions. She has extensive expertise in program development for adult education and has taught at both the high school and college level.



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Canadian Intramural Recreation Association (CIRA)
740-B Belfast Road • Ottawa, Ontario • K1G 0Z5
Tel: (613) 244-1594 • Fax: (613) 244-4738
E-mail: cira@intramurals.ca
www.intramurals.ca

choices & decisions

lesson plans

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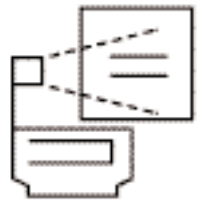
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lesson one

making decisions



overheads



the decision-making process

The Decision-Making Process



Identify the problem



Gather information and list possible alternatives



Consider consequences of each alternative



Select the best course of action



Evaluate the results



factors that can influence a decision



A. Values

- What is important to your family, others in your culture?

B. Peers

- People you know
- Pressure for positive or negative behaviours

C. Habits

- You are accustomed to doing it this way

D. Feelings (love, anger, frustration, ambivalence, rejection)

- If you do make a certain decision
- If you don't make a certain decision

E. Family

- Your family's preference
- Decisions other family members have made

F. Risks and consequences

- What (or how much) you stand to win
- What (or how much) you stand to lose

G. Age

- Minor
- Adult



common decision-making strategies

agonizing

Accumulating so much information that analyzing the options becomes overwhelming.

avoidance

Choosing the option that is most likely to avoid the worst possible result.

compliance

Going along with family, school, work, or peer expectations.

desire

Choosing the option that might achieve the best result, regardless of the risk involved.

destiny

Letting outside forces decide; leaving the decision up to fate.

inspiration

Doing something because “it feels right” or because “it just seems like the right thing to do.”

intention

Choosing an option that will be both intellectually and emotionally satisfying.

procrastination

Postponing thought and action until options are limited.

security

Choosing the option that will bring some success, offend the fewest people, and pose the least risk.

spontaneity

Choosing the first option that comes to mind; giving little or no consideration to the consequences of the choice.

synthesis

Choosing the option that has a good chance to succeed and which you like the best.

economic influences on decision making



These economic factors may influence personal and financial decisions:

consumer prices

changes in the buying power of the dollar, inflation

consumer spending

demand for goods and services

gross domestic product (GDP)

total value of goods and services produced within the country

housing starts

the number of new homes being built

interest rates

the cost of borrowing money

money supply

funds available for spending in the economy

stock market index

(such as the Dow Jones Averages, NASDAQ, TSE 300)
indicate general trends in the value of stocks

unemployment

the number of people without employment who are willing to work



risks associated with decision making

Risks are associated with every decision. The following are common risks related to personal and financial decision making:

income risk

changing jobs or reduced spending by consumers can result in a lower income or loss of one's employment. Career changes or job loss can result in a lower income and reduced buying power.

inflation risk

rising prices cause lower buying power. Buying an item later may mean a higher price.

interest-rate risk

changing interest rates affect your costs (when borrowing) and your benefits (when saving or investing).

liquidity risk

certain types of savings, guaranteed investment certificates (GICs) and investments (real estate) may be difficult to convert to cash quickly.

personal risks

factors that may create a less than desirable situation. Personal risk may be in the form of inconvenience, embarrassment, safety, or health concerns.

opportunity costs and the time value of money



opportunity cost refers to what a person gives up when a decision is made. This cost, also called a trade-off, may involve one or more of your resources (time, money, and effort).

personal opportunity costs may involve time, health, or energy. For example, time spent on studying usually means lost time for leisure or working. However, this trade-off may be appropriate since your learning and grades will likely improve.

financial opportunity costs involve monetary values of decisions made. For example, the purchase of an item with money from your savings means you will no longer obtain interest on those funds.

time value of money can be used to measure financial opportunity costs using interest calculations.

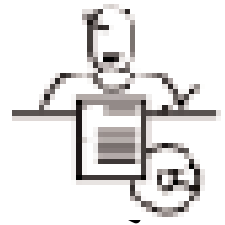
e.g. **For example:** spending \$1,000 from a savings account paying 4 percent a year means an opportunity cost of \$40 in lost interest.

Calculation: $\$1,000 \times .04$ (4 percent) $\times 1$ year = \$40

Over 10 years, that \$40 a year (saved at 4 percent) would have a value of over \$480 when taking into account compound interest.

lesson one

making decisions



student activities

name: _____

date: _____



the decision-making process

Identify the problem



Gather information and list possible alternatives



Consider the consequences of each alternative



Select the best course of action



Evaluate the results



name: _____

date: _____

what decision-making strategies have you used?



directions

As a class, identify and role-play the various decision-making strategies you've used. Then, be prepared to answer the questions below.

1. Have the strategies you've used worked? Please explain.

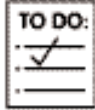
2. What factors do you think might have influenced your choice of strategies?

name: _____

date: _____



researching current economic conditions



Changing economic factors affect the decisions we make. Using newspaper business pages, Internet, or other sources of economic news, obtain information about current economic trends that influence various saving, investing, spending, and borrowing decisions. For example, higher interest rates make borrowing more expensive; however, higher interest rates make saving more attractive.

economic factor	recent trends	possible influences on personal and financial decisions
Interest rates		
Consumer prices		
Other		
Other		

name: _____

date: _____



analyzing a decision

Identify the problem



Gather information and list possible alternatives



Consider the consequences of each alternative

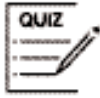


Select the best course of action



Evaluate the results





lesson one quiz: making decisions

true-false

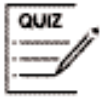
1. _____ The decision-making process starts with gathering information.
2. _____ Procrastination is an example of an economic influence on decision making.
3. _____ Higher interest rates result in higher costs of borrowing money.
4. _____ Rising prices causing lower buying power is referred to as an inflation risk.
5. _____ Interest earned on savings may be referred to as the “time value of money.”

multiple choice

6. _____ The final step of the decision-making process is:
A. evaluating the results.
B. gathering information.
C. identifying the problem.
D. selecting the best course of action.
7. _____ Changes in the buying power of the dollar are measured by:
A. the unemployment rate.
B. the money supply.
C. the consumer price index.
D. interest rates.
8. _____ Consumer spending is likely to rise when:
A. unemployment is high.
B. interest rates are low.
C. taxes rise.
D. people are putting more money into savings accounts.
9. _____ Investments that may be difficult to convert to cash quickly have a high _____ risk.
A. inflation
B. economic
C. income
D. liquidity
10. _____ What a person gives up when making a decision is commonly called:
A. the time value of money.
B. a personal risk.
C. an opportunity cost.
D. spontaneity.

case application

In recent weeks, Richard and Fran Jones have considered moving to another city with additional job opportunities. Discuss the personal and economic factors they might consider in this situation. What risks are associated with this decision?



lesson one quiz: making decisions answer key

true-false

1. f The decision-making process starts with gathering information.
2. f Procrastination is an example of an economic influence on decision making.
3. t Higher interest rates result in higher costs of borrowing money.
4. t Rising prices causing lower buying power is referred to as an inflation risk.
5. t Interest earned on savings may be referred to as the “time value of money.”

multiple choice

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C. the consumer price index.
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C. taxes rise.
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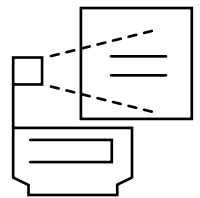
case application

In recent weeks, Richard and Fran Jones have considered moving to another city with additional job opportunities. Discuss the personal and economic factors they might consider in this situation. What risks are associated with this decision?

Personal factors that the Jones may consider include their job skills, willingness to move with regard to family and friends, and personal long-term goals. Economic factors might include the employment opportunities in the new city, and the cost of living compared to the salary level. Risks that might be associated with this situation include current and new job satisfaction, and the effect of economic conditions on current and future employment opportunities in the new city.

lesson two

making money



overheads



the career planning process

Whether you are seeking your first job, or considering changing to a different field, various actions must be taken to obtain a job.

phase 1: Assess your personal interest, abilities, and career goals.

phase 2: Evaluate the current employment market.

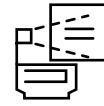
phase 3: Identify specific job opportunities.

phase 4: Apply for employment positions with the use of a resumé or application letter.

phase 5: Interview for available positions.

phase 6: Obtain additional career training.

preparing for a job interview



before the interview

1. Research the organization.
2. Practice your interviewing skills.
3. Prepare questions that you plan to ask.
4. Prepare proper dress and grooming.
5. Plan to arrive early at the interview.

during the interview

1. Relax. Be yourself.
2. Answer questions completely and calmly.
3. Ask questions to help you better know the organization.
4. Ask when you might hear from the organization.

after the interview

1. Write down notes on how you can improve for your next interview.
2. Promptly send a thank-you letter to the person with whom you interviewed expressing your appreciation for the opportunity to meet with them.

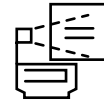


common interview questions

the following are some questions commonly asked at a job interview:

1. What activities have helped you expand your interests, abilities, and knowledge?
2. In what types of situations have you done your best work?
3. Describe the supervisors who motivated you the most.
4. Describe someone who was difficult to work with.
5. What are your major strengths?
6. In what areas do you need to improve?
7. What do you know about our organization?
8. Who is someone you admire? Why do you admire that person?
9. Why do you want to work for this business?

adding up the benefits



benefits cost your employer between 33% and 50% of your pay. This may include:

- Paid vacation days
- Paid sick days
- Health, dental, and eye care insurance
- Life insurance
- Disability insurance
- Pension plan
- Registered retirement savings plan
- Parental leave
- Stock purchase plan
- Employee assistance plans
- Employee fitness programs
- Employee discounts



reading a pay stub

*Waist not!
Want not!*

PAYROLL ACCOUNT

EMPLOYEE G. Raymond Martin
SIN 123-456-789
PAY PERIOD 3/1/___ TO 3/15/___
NET PAY \$524.28
CHEQUE NO. 060432

GROSS EARNINGS			DEDUCTIONS			OTHER DEDUCTIONS	
Description	Hrs.	Amount	Tax	Current	YTD	Description	Amount
REGULAR	80	640.00	INCOME TAX	104.55	293.40	RRSP	35.00
OVERTIME	05	60.00	UIC	20.65	160.65		
			CPP	15.52	64.08		
CURRENT		700.00					
YTD		2100.00					

lesson two

making money



student activities

name: _____

date: _____



assessing your personal career interests and abilities

based on your personal situation, answer the following questions:

1. What topics of study do or did you enjoy most in school?
2. What skills do you do well? What do you feel to be your most distinguishing skill or area of specialty?
3. What are your interests away from school or work?
4. Describe a situation in which you helped organize the work of others.
5. Describe a situation in which you worked with a team to achieve a goal.
6. Describe the kind of job you might like.

based on your answers to the above items, describe two or three jobs that meet your criteria:

A.

B.

C.

name: _____

date: _____

evaluating the current employment market



Select two career areas that interest you. Using library information, the Internet, and interviews with others, obtain answers to the following questions:

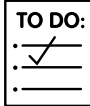
	career 1	career 2
1.	What are the general activities and duties of this job?	
2.	What are the physical surroundings, work hours, and mental and physical demands of this type of work?	
3.	What training and educational background is needed for this area of employment?	
4.	Will these career areas be in demand in the future?	
5.	What are the starting and advanced salaries for this industry?	
6.	What makes these careers attractive to you?	

name: _____

date: _____



creating a resumé



A resumé is a personal data sheet commonly used to apply for a job. It lists your skills and experience so that future employers can see what you have already done and whether your experience meets the job's requirements. Fill out the following categories to assist you in preparing your resumé.

education

degree/programs completed, school, location, areas of study, dates

work experience

title, organization, dates, responsibilities

other experience (*volunteer work, school, and community activities*)

title, organization, dates, responsibilities

recognition/awards

title, organization, dates

name: _____

date: _____



read and interpret pay stubs



directions

Answer the following questions using the attached pay stubs:

1. What is the name of Zina Picard's employer? _____
2. How much did Zina earn before deductions? _____
3. What is Zina's hourly wage? _____
4. List Zina's deductions. _____

5. What pay period does Peter deBoer's cheque cover? _____
6. How much Income Tax has been taken out of Peter's cheque so far during 20____? _____
7. How much did Peter contribute to a retirement plan from this paycheque? _____
8. How much is Peter's take-home pay? _____
9. Where does Mary Stone work? _____
10. What is Mary's hourly wage? _____
11. How much money was deducted from Mary's paycheque? _____
12. How much has Mary been paid in total during 20____? _____

name: _____

date: _____

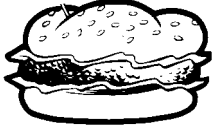


read and interpret pay stubs


Hamburger Palace Enterprises, Inc.

NAME: Zina Picard PAYROLL ENDING: 3/14/___ CHEQUE NO.: 9343

EMPLOYEE NO.: L4325 AMOUNT: \$229.33



EARNINGS			DEDUCTIONS			OTHER DEDUCTIONS	
Description	Hrs.	Amount	Tax	Current	YTD	Description	Amount
REGULAR	40	240.00	INCOME TAX	42.65	128.70	MEALS	7.00
OVERTIME	6	54.00	E.I.	8.67	126.23		
			CPP	6.35	25.41		
CURRENT		294.00					
YTD		3582.00					

The Banana Breadbox  *Banana Bread... And More!*

EMPLOYEE: PETER H. deBOER
 SIN: 999-999-999
 PAY PERIOD: 8/6/___ TO 8/12/___
 PAY DATE: 8/15/___
 CHEQUE NO.: 3259
 NET PAY: \$186.26

PAYROLL

GROSS EARNINGS			DEDUCTIONS			OTHER DEDUCTIONS	
Description	Hrs.	Amount	Tax	Current	YTD	Description	Amount
REGULAR	40	240.00	INCOME TAX	30.75	372.01	RRSP	30.00
OVERTIME	6	54.00	E.I.	22.49	272.13	HEALTH	15.00
CURRENT		294.00					
YTD		3582.00	CPP	9.50	114.95		

read and interpret pay stubs (continued)

EMPLOYEE Mary Stone
 EMPLOYEE NUMBER A5926
 PAY PERIOD 7/1/___ TO 7/15/___
 PAY DATE 7/14/___ NET PAY \$349.77
 CHEQUE NO. 3259



GROSS EARNINGS			DEDUCTIONS			OTHER DEDUCTIONS	
Description	Hrs.	Amount	Tax	Current	YTD	Description	Amount
REGULAR	56	448.00	INCOME TAX	49.95	385.62		
			E.I.	34.28	264.64		
CURRENT		448.00					
YTD		3460.00	CPP	14.00	108.08		



read and interpret pay stubs answer key



directions

Answer the following questions using the attached pay stubs:

1. What is the name of Zina Picard's employer?
Hamburger Palace Enterprises, Inc.
2. How much did Zina earn before deductions?
\$294.00
3. What is Zina's hourly wage?
\$6.00/hour
4. List Zina's deductions.
Income Tax, E.I., CPP, meals
5. What pay period does Peter deBoer's cheque cover?
8/6/___ to 8/12/___
6. How much Income Tax has been taken out of Peter's cheque so far during 20___?
\$372.01
7. How much did Peter contribute to a retirement plan from this paycheque?
\$30.00
8. How much is Peter's take-home pay?
\$186.26
9. Where does Mary Stone work?
Dance-o-Rama
10. What is Mary's hourly wage?
\$8.00/hour
11. How much money was deducted from Mary's paycheque?
\$98.23
12. How much has Mary been paid in total during 20___?
\$3,460.00



lesson two quiz: making money

true-false

1. _____ The career planning process starts with assessing your personal interests, abilities, and goals.
2. _____ Interviewing is the final phase of the career planning process.
3. _____ Travel costs to work are considered to be “hidden” job costs.
4. _____ Worker’s compensation is a common employee benefit received by most workers.
5. _____ Gross pay results from deducting various deductions from your earnings.

multiple choice

6. _____ The first phase of the career planning process is to:
 - A. identify specific job opportunities.
 - B. interview for available positions.
 - C. assess personal interests and abilities.
 - D. apply for employment positions.
7. _____ After applying for an available position, the next step usually involves:
 - A. interviewing.
 - B. obtaining training for necessary skills.
 - C. comparing employee benefits.
 - D. preparing a personal data sheet (résumé).
8. _____ A hidden cost of a job might involve:
 - A. gross pay.
 - B. uniform fees.
 - C. employee discounts.
 - D. retirement benefits.
9. _____ Which of the following employee benefits would a working parent find most useful?
 - A. stock options
 - B. retirement savings plan
 - C. employment insurance benefits
 - D. life insurance
10. _____ A common deduction on a person’s pay stub would be:
 - A. gross pay.
 - B. union dues.
 - C. charitable donations.
 - D. income tax.

case application

Navine Nesrallah has worked for nine years in retail sales. She is considering going back to school to change career fields. What factors should be considered before making this decision?



lesson two quiz: making money answer key

true-false

1. t The career planning process starts with assessing your personal interests, abilities, and goals.
2. f Interviewing is the final phase of the career planning process.
3. t Travel costs to work are considered to be “hidden” job costs.
4. f Worker’s compensation is a common employee benefit received by most workers.
5. f Gross pay results from deducting various deductions from your earnings.

multiple choice

6. C The first phase of the career planning process is to:
 - A. identify specific job opportunities.
 - B. interview for available positions.
 - C. assess personal interests and abilities.
 - D. apply for employment positions.
7. A After applying for an available position, the next step usually involves:
 - A. interviewing.
 - B. obtaining training for necessary skills.
 - C. comparing employee benefits.
 - D. preparing a personal data sheet (résumé).
8. B A hidden cost of a job might involve:
 - A. gross pay.
 - B. uniform fees.
 - C. employee discounts.
 - D. retirement benefits.
9. C Which of the following employee benefits would a working parent find most useful?
 - A. stock options
 - B. retirement savings plan
 - C. employment insurance benefits
 - D. life insurance
10. D A common deduction on a person’s pay stub would be:
 - A. gross pay.
 - B. union dues.
 - C. charitable donations.
 - D. income tax.

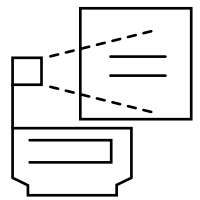
case application

Navine Nesrallah has worked for nine years in retail sales. She is considering going back to school to change career fields. What factors should be considered before making this decision?

Navine should consider her personal interests and abilities as well as potential demand in the new career field. Next, she should assess if she can afford the time and money that may be required when making this career change. In addition, Navine should consider the impact of this decision on her personal well-being and that of family members.

lesson three

the art of budgeting



overheads



the budgeting process

phase 1: Assess your personal and financial situation
(needs, values, life situation).

phase 2: Set personal and financial goals.

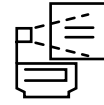
phase 3: Create a budget for fixed and variable expenses based on
projected income.

phase 4: Monitor current spending (saving, investing) patterns.

phase 5: Compare your budget to what you have actually spent.

phase 6: Review financial progress and revise budgeted amounts.

goal setting guidelines



well-written personal and financial goals **SHOULD**:

- **be realistic**

A student working part-time is not likely to be able to afford a new car every couple of years.

- **be stated in specific, (I plan/want to...) measurable terms**

“To save \$5,000 for a down payment to buy a house.”

- **have a time frame**

“To pay off my credit card within the next 18 months.”

- **state the action to be taken**

“To start an automatic deposit savings account with monthly withdrawals from my chequing account.”



setting up and maintaining a budget

income	budget	actual	difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
total monthly income	\$	\$	\$

expenses	budget	actual	difference
fixed expenses			
Savings	\$	\$	\$
Rent/Board	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
Other	\$	\$	\$
flexible expenses			
Food/ Eating out	\$	\$	\$
Utilities	\$	\$	\$
Transportation			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Other	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Personal items	\$	\$	\$
Medical (e.g., Rx)	\$	\$	\$
Household items	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
Other	\$	\$	\$
total monthly expenses	\$	\$	\$

lesson three

the art of budgeting



student activities

name: _____

date: _____



what are your goals?



directions

List some of your educational, social, financial, family, health/physical, and recreational goals. In some categories you may have more than six goals; in others you may have fewer.

my educational goals include:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

my social goals include:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

my financial goals include:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

what are your goals? (continued)

my family goals include:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

my health/physical goals include:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

my recreational goals include:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

name: _____

date: _____



working with your goals

what goals are the most important to you?

Choose the two goals from each category that are the most important to you. Identify each goal as short-term (1–4 weeks), medium-term (2–12 months), or long-term (1 year or longer).

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____
11. _____
12. _____

prioritize your goals

List and prioritize six of your most important goals. After each goal, identify what you could be doing now to work toward the goal, and what resources (if any) you need to achieve each goal.

goal #1 _____

What I can be doing now to work toward this goal:

The resources I need to achieve this goal are:

working with your goals (continued)

goal #2

What I can be doing now to work toward this goal:

The resources I need to achieve this goal are:

goal #3

What I can be doing now to work toward this goal:

The resources I need to achieve this goal are:

goal #4

What I can be doing now to work toward this goal:

The resources I need to achieve this goal are:

working with your goals (continued)

goal #5

What I can be doing now to work toward this goal:

The resources I need to achieve this goal are:

goal #6

What I can be doing now to work toward this goal:

The resources I need to achieve this goal are:

name: _____

date: _____



where does your money come from?



directions

Answer these questions. Be prepared to discuss your answers in class.

1. List your current source(s) of income.

2. What do you expect to be your source(s) of income in the near future?

3. What are your feelings about being financially dependent vs. financially independent?

name: _____

date: _____



where does your money go?



directions

Keep a record of everything you spend during a specific period. Then, answer the questions below.

1. What patterns can you see in your spending habits?

2. How do you decide what to purchase?

3. What factors do you think influence your purchasing decisions?

name: _____

date: _____



setting up a personal budget



directions

Use this form to set up a personal budget. After you've completed your planning, try to stick to your budget for one month. At the end of the month, record your actual income and your actual expenses. Calculate the difference between what you thought you would earn and what you actually earned, and what you thought you would spend and what you actually spent.

income	budget	actual	difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
total monthly income	\$	\$	\$

expenses	budget	actual	difference
fixed expenses			
Savings	\$	\$	\$
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
Other	\$	\$	\$
Other	\$	\$	\$
flexible expenses			
Food/Eating out	\$	\$	\$
Utilities	\$	\$	\$
Transportation			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Other (e.g., tickets)	\$	\$	\$

setting up a personal budget (continued)

flexible expenses (continued)

Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Personal Items	\$	\$	\$
Medical (e.g., Rx)	\$	\$	\$
Household items	\$	\$	\$
Tuition	\$	\$	\$
School expenses	\$	\$	\$
Other	\$	\$	\$
Other	\$	\$	\$
Other	\$	\$	\$
total monthly expenses	\$	\$	\$

name: _____

date: _____



rework a budget



directions

Use one of the attached budget sheets to set up and maintain Gabrielle's budget. Then, use the other sheet to rework Gabrielle's budget into one that fits your personal lifestyle.

her planned income and expenses

Gabrielle works part-time at a greeting card company and part-time at a record store. The net monthly income from her first job is \$600. The net monthly income from her second job is \$800.

Her planned fixed monthly expenses include:

- \$200 for rent (she shares an apartment with two friends)
- \$175 for car payment
- \$220 for car insurance

Her planned flexible expenses include:

- \$100 (to save for post-secondary education)
- \$150 for food
- \$40 for gas and oil
- \$50 for clothes
- \$60 for entertainment
- \$30 for personal and household items

how her month actually went

1. What she made:

- Gabrielle made \$45 in overtime pay this month

2. What her fixed expenses actually were:

- Rent went up to \$225, starting this month
- Her monthly car payment was \$175
- Her monthly car insurance premium, as of this month, went up to \$295

3. What her flexible expenses actually were:

- \$190 for food (she had a dinner party for which she hadn't budgeted)
- \$60 for gas and oil (her car needed an oil change)
- \$34 for parking and bridge tolls
- \$220 for car repairs
- \$80 for a new pair of running shoes
- \$70 for entertainment
- \$60 for personal items
- \$36 for a birthday present for her mother

4. Unforeseen events:

- Gabrielle got two speeding tickets in one week.
The total cost of both tickets is \$230.

rework a budget (continued)

how does her budget look now?

1. What is the difference between Gabrielle's planned expenses and her actual expenses?

2. In what areas did she overspend?

3. In what areas did she spend less than she planned?

4. How much did she spend for the use of her car this month?

5. How much money did she have at the end of the month to put into savings?

if it were your budget...

1. Using the attached budget sheet, set up a budget for yourself. Use Gabrielle's income as a starting point. Keep in mind your personal financial goals.

2. What did you change about the budget?

3. How much would you save each month to put toward your personal and financial goals?

rework a budget (continued)

gabrielle's budget

income	budget	actual	difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
total monthly income	\$	\$	\$

expenses	budget	actual	difference
fixed expenses			
Savings	\$	\$	\$
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
Other	\$	\$	\$
flexible expenses			
Food/Eating out	\$	\$	\$
Utilities	\$	\$	\$
Transportation			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Other	\$	\$	\$
other			
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Personal items	\$	\$	\$
Medical (e.g., Rx)	\$	\$	4
Household items	\$	\$	\$
Tuition/School expenses	\$	\$	\$
Other	\$	\$	\$
total monthly expenses	\$	\$	\$

rework a budget (continued)

if it were your budget

income	budget	actual	difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
total monthly income	\$	\$	\$

expenses	budget	actual	difference
fixed expenses			
Savings	\$	\$	\$
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Car payment	\$	\$	\$
Other	\$	\$	\$
flexible expenses			
Food/Eating out	\$	\$	\$
Utilities	\$	\$	\$
Transportation			
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Other	\$	\$	\$
other			
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Personal items	\$	\$	\$
Medical (e.g., Rx)	\$	\$	4
Household items	\$	\$	\$
Tuition/School expenses	\$	\$	\$
Other	\$	\$	\$
total monthly expenses	\$	\$	\$

rework a budget answer key



how does her budget look now?

1. What is the difference between Gabrielle's planned expenses and her actual expenses?
Actual was \$1675, planned was \$1025. Difference is \$650.
2. In what areas did she overspend?
Food, transportation, clothing, entertainment, personal, other (tickets, birthday present)
3. In what areas did she spend less than she planned?
Savings
4. How much did she spend for the use of her car this month?
\$784 not including tickets
5. How much money did she have at the end of the month to put into savings?
None

if it were your budget...

1. Using the attached budget sheet, set up a budget for yourself. Use Gabrielle's income as a starting point. Keep in mind your personal financial goals.

2. What did you change about the budget?

3. How much would you save each month to put toward your personal and financial goals?



rework a budget answer key

gabrielle's budget

income	budget	actual	difference
Job #1	\$ 600	\$ 600	\$ 0
Job #2	\$ 800	\$ 800	\$ 0
Other	\$ 0	\$ 45	\$ +45
total monthly income	\$ 1400	\$ 1445	\$ +45

expenses	budget	actual	difference
fixed expenses			
Savings	\$ 100	\$ 0	\$ -100
Rent	\$ 200	\$ 225	\$ +25
Car insurance	\$ 220	\$ 295	\$ +75
Car payment	\$ 175	\$ 175	\$ 0
Other	\$ 0	\$ 0	\$ 0
flexible expenses			
Food/Eating out	\$ 150	\$ 190	\$ +40
Utilities	\$ 0	\$ 0	\$ 0
Transportation			
Bus fare	\$ 0	\$ 0	\$ 0
Gas and oil	\$ 40	\$ 60	\$ +20
Parking and tolls	\$ 0	\$ 34	\$ +34
Repairs	\$ 0	\$ 220	\$ +220
Other (<i>ticket</i>)	\$ 0	\$ 230	\$ +230
other			
Clothing	\$ 50	\$ 80	\$ +30
Entertainment	\$ 60	\$ 70	\$ +10
Personal items	\$ 15	\$ 60	\$ +45
Medical (e.g., Rx)	\$ 0	\$ 0	\$ 0
Household items	\$ 15	\$ 0	\$ -15
Tuition/School expenses	\$ 0	\$ 0	\$ 0
Other (<i>birthday gift</i>)	\$ 0	\$ 36	\$ +36
total monthly expenses	\$ 1025	\$ 1675	\$ +650



lesson three quiz: the art of budgeting

true-false

1. _____ The budgeting process starts with monitoring current spending.
2. _____ Most short-term goals are based on activities over the next two or three years.
3. _____ A common long-term goal may involve saving for college for parents of a new-born child.
4. _____ Rent is considered a fixed expense.
5. _____ Flexible expenses stay about the same each month.

multiple choice

6. _____ The final phase of the budgeting process is to:
 - A. set personal and financial goals.
 - B. compare your budget to what you have actually spent.
 - C. review financial progress.
 - D. monitor current spending patterns.
7. _____ An example of a long-term goal would be:
 - A. an annual vacation.
 - B. saving for retirement.
 - C. buying a used car.
 - D. completing college within the next six months.
8. _____ A clearly written financial goal would be:
 - A. "To save money for college for the next five years"
 - B. "To pay off credit card bills by 2001"
 - C. "To invest in an international mutual fund for retirement"
 - D. "To establish an emergency fund of \$4,000 in 18 months"
9. _____ An example of a fixed expense is:
 - A. clothing.
 - B. car insurance.
 - C. an electric bill.
 - D. educational expenses.
10. _____ _____ is commonly considered a flexible expense.
 - A. Rent
 - B. A mortgage payment
 - C. Home insurance
 - D. Entertainment

case application

Each month Niko and Albert Cheung have lengthy discussions about their household spending. They do not understand why they are continually short of money even though they both have good salaries. What actions might be taken to avoid personal and financial difficulties?



lesson three quiz: the art of budgeting answer key

true-false

1. f The budgeting process starts with monitoring current spending.
2. f Most short-term goals are based on activities over the next two or three years.
3. t A common long-term goal may involve saving for college for parents of a new-born child.
4. t Rent is considered a fixed expense.
5. f Flexible expenses stay about the same each month.

multiple choice

6. C The final phase of the budgeting process is to:
 - A. set personal and financial goals.
 - B. compare your budget to what you have actually spent.
 - C. review financial progress.
 - D. monitor current spending patterns.
7. B An example of a long-term goal would be:
 - A. an annual vacation.
 - B. saving for retirement.
 - C. buying a used car.
 - D. completing college within the next six months.
8. D A clearly written financial goal would be:
 - A. "To save money for college for the next five years"
 - B. "To pay off credit card bills by 2001"
 - C. "To invest in an international mutual fund for retirement"
 - D. "To establish an emergency fund of \$4,000 in 18 months"
9. B An example of a fixed expense is:
 - A. clothing.
 - B. car insurance.
 - C. an electric bill.
 - D. educational expenses.
10. D _____ is commonly considered a flexible expense.
 - A. Rent
 - B. A mortgage payment
 - C. Home insurance
 - D. Entertainment

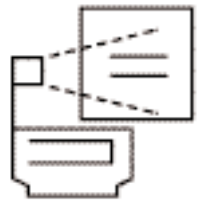
case application

Each month Niko and Albert Cheung have lengthy discussions about their household spending. They do not understand why they are continually short of money even though they both have good salaries. What actions might be taken to avoid personal and financial difficulties?

The Cheungs should create a specific spending plan based on their income, needs, and wants. They should decide on various financial goals for their current and future needs. They should regularly revise their budget based on changing situations in their lives.

lesson four

living on your own



overheads



the costs of moving

moving-in costs can include:

- Rent for first month
- Rent for last month
- Security deposit
- Utilities deposit
- Telephone deposit

moving costs can include:

- Renting a truck
- Hiring movers
- Others?

preparing a budget



when preparing your budget, keep in mind:

- Your personal and financial goals
- Your income
- Your lifestyle
- Your fixed expenses
- Your flexible expenses
- Moving costs
- Moving-in costs
- The cost of setting up house or apartment

rule of thumb:

- You should spend no more than 32% of your gross income on rent or mortgage payments.



budgeting to move

income

Job #1	\$
Job #2	\$
Other	\$
Total income	\$

expenses

fixed expenses

Savings	\$
Rent/Board	\$
Car insurance	\$
Car payment	\$
Other	\$

flexible expenses

Food/ Eating out	\$
Utilities	\$
Transportation	
Bus fare	\$
Gas and oil	\$
Parking and tolls	\$
Repairs	\$
Other	\$
Clothing	\$
Entertainment	\$
Personal items	\$
Medical (e.g., Rx)	\$
Household items	\$
Tuition/School expenses	\$
Other	\$
total monthly expenses¹	\$

budgeting to move (continued)



moving-in costs

Rent for first month	\$
Rent for last month	\$
Security deposit	\$
Utilities deposit	\$
Telephone deposit	\$
Moving costs	\$
Other	\$

total cost to move in² \$

cost of furnishing and equipping an apartment

Bedroom #1	\$
Bedroom #2	\$
Living room	\$
Dining room	\$
Kitchen	\$
Bathroom	\$
Other	\$

total cost³ \$

summary

Total cost for first month (1+2+3)	\$
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a lease agreement (continued)



Revisions and Additions
Form L2501 (Lease) Rev. 10/04

Short Term Lease
Page 1 of 4

On ~~the~~ **fourth** day of **April** the premises for and during the term of

to be computed from the **fourth** day of **April** **one thousand**
nine hundred and **and ending on the** **fourth**
one thousand nine hundred and **day of**

YIELDING AND PAYING therefor yearly and every year during the said term unto the
said Lessor the sum of \$ **1000.00** of lawful money of Canada, without any
deduction, defalcation or abatement whatsoever to be payable **monthly** on the
following days and dates, that is to say:

The first of such payments to become due and to be made on the **fourth** day of
April next.

THE Lessee agrees to deposit with the Lessor the sum of \$ **1000.00** as prepaid
rent, to be applied towards the last month's rent of the term. The Lessor agrees to pay to
the Lessee interest annually in arrear at the rate of 6% per annum. Subject always to
Section 93 of the Landlord and Tenant Act, if the Lessee abandons or vacates the prem-
ises at any time prior to the expiration of the herein term of lease, the Lessor shall be
permitted to retain absolutely the aforesaid sum of money so deposited with the Lessor.

THE Lessee covenants with the Lessor:

- to pay rent;
- to pay taxes, except for local improvements;
- to pay water rates and charges for gas, electricity and telephone;
- to maintain the premises in a state of cleanliness, and to repair any damage caused
thereto by his own willful or negligent conduct or that of persons who are permitted
on the premises by him;
- to keep up fences;
- not to cut down timber;
- not to assign or sublet without the consent of the Lessor, such consent not to be
arbitrarily or unreasonably withheld. The Lessee shall pay the Lessor's reasonable
expenses incurred thereby;
- not to carry on upon the premises any business that may be deemed a nuisance or by
which the insurance on the premises will be increased;
- that he will leave the premises in good repair, reasonable wear and tear and damage
by fire, lightning and tempest only excepted;
- that the Lessee will repair according to notice in writing, reasonable wear and tear
and damage by fire, lightning and tempest only excepted;
- to promptly notify the Lessor of any repairs to be made by the Lessor, and upon
giving prior notice in accordance with Section 93 of the Landlord and Tenant Act,
the Lessor shall be permitted to enter and view the state of repair and to make any
such repairs.

PROVIDED that the Lessee may remove his fixtures, if such removal may be, and is, done
without injury to the premises.

PROVIDED that in the event of damage to the premises by fire, lightning or tempest,
rent shall cease until the premises are rebuilt.

PROVIDED that, where the premises become vacant and so remain for a period of 30
days, it shall be presumed that the Lessee has abandoned the premises and the Lessor
may re-enter and take immediate possession of the premises.

PROVIDED that if the Lessee be assessed as a Separate School Supporter, he will pay to
the Lessor a sum sufficient to cover the excess of the Separate School tax, over the public
school tax, if any, for a full calendar year.

PROVISED for re-entry by the Lessor on non-payment of rent or non-performance of cove-
nants, provided that such re-entry shall, at all times, be in accordance with the provisions
of the Landlord and Tenant Act.



a lease agreement (continued)

Howland and Gillies
Form L-9277 (Revised Nov. 1983)

Short House Lease
Page 3 of 4

PROVIDED that, if the term hereby granted shall be at any time seized or taken in execution or attachment, by any creditor of the Lessee, or if the Lessee shall make an assignment for the benefit of creditors, or becoming bankrupt or insolvent shall take the benefit of any Act that may be in force for bankrupt or insolvent debtors, the then current rent, together with the rent for three months hereafter, shall immediately become due and payable, all subject to the provisions of the Landlord and Tenant Act, as amended.

THE Lessor shall maintain the premises in a good state of repair and fit for habitation during the herein lease in order that the premises comply with health and safety standards required by law.

THE Lessor covenants with the said Lessee for quiet enjoyment.

THE Lessee covenants with the Lessor to permit the said Lessor during the last month of the currency of this lease, to put up upon the said premises, notice of his intention to lease the same; and also to permit during the same time, such person or persons as he may be desirous of leasing the said premises at the expiration of this lease to visit and inspect the same on written notice to the Lessee, given at least twenty-four hours before the time of entry, which shall be during daylight hours and specified in the notice.

IT IS HEREBY agreed between the parties hereto that if, upon the determination of the lease by effluxion of time, the Lessor permits the Lessee to remain in possession of the premises and accepts rents in respect thereof, a tenancy from year to year shall not be created by implication of law, but the Lessee shall be deemed to be a monthly tenant only.

Strike out
if not
applicable

AND the said spouse of the said Lessor hereby consents to the transaction evidenced by this indenture.

IT IS HEREBY declared and agreed that the expressions "Lessor" and "Lessee", wherever used in this indenture, shall, when the context allows, include be binding on and inure to the benefit of not only the parties hereto, but also their respective executors, administrators and assigns.

AND it is further agreed between the parties hereto that wherever the singular and masculine are used throughout this lease they shall be construed as if the plural or feminine had been used, where the context or the party or parties hereto so require, and the rest of the sentence shall be construed as if the grammatical and terminological changes thereby rendered had been made.

IN WITNESS WHEREOF the said parties hereto have hereunto set their hands and seals.

Signed, Executed and Delivered
in the presence of

RECEIPT OF TENANCY AGREEMENT:

I/WE hereby acknowledge receiving a duplicate original copy of the herein lease this day of _____, 19__.

.....
Lessee (Tenant)

.....
Lessor (Tenant)

a lease agreement (continued)



New York and Gilbert
Form L-15275 (revised Nov. 1998)

Short-Notice Lease
Page 4 of 4

AFFIDAVIT OF SUBSCRIBING WITNESS

I,

of the

in the

make oath and say (or affirm) as follows:

I am a subscribing witness to the attached instrument, and I was present and saw it executed at

by

Who testify

Who testify

I everly believe that each person whose signature I witnessed is the party of the same name referred to in the instrument.

SWORN (or AFFIRMED) before me at the

This day of 19)

(Signature for Public Official)

*Where a party is unable to read the instrument or where a party signs by making an mark or initials, the witness shall "after the instrument has been read or has been explained fully to said party" be sworn (or affirmed) as attorney for said party" and for any other "witness" if I everly believe that the person whose signature is subscribed to receive the instrument is guilty for same."

Do not complete this affidavit where this document is to be registered pursuant to the Land Registration Reform Act.

429-992

AFFIDAVIT AS TO AGE AND SPOUSAL STATUS

I / WE

of the

in the

(separately) MAKE OATH AND SAY (or AFFIRM)

When I / WE executed the attached instrument,

Who come
who testify

I WAS / WE WERE EACH at least eighteen years old;

and within the meaning of section 1 of the Family Law Act

Who come
who testify

(a) I WAS A SPOUSE / I WAS NOT A SPOUSE.

(b)

was my spouse.

(c) We were spouses of one another.

Who come
Maximum of
four (4)
per testator.

Who come
Maximum of
four (4)
per testator.

(SEVERALLY) SWORN (or AFFIRMED) before me at the

this day of 19)

(Signature for Public Official)

*Where a party is unable to read the instrument or where a party signs by making an mark or initials, the witness shall "after the instrument has been read or has been explained fully to said party" be sworn (or affirmed) as attorney for said party" and for any other "witness" if I everly believe that the person whose signature is subscribed to receive the instrument is guilty for same."

*Where a party does not see a witness, see section 1.01 of the Family Law Act, to complete separate affidavits.



rights and responsibilities of tenants

tenant's rights:

- Withholding rent if the landlord doesn't make repairs in a reasonable amount of time.
- Safe and sanitary premises.
- No changes in terms and conditions for the length of the lease.
- Landlord cannot enter premises without the tenant's consent, or unless an emergency exists.

tenant's responsibilities:

- Paying rent on time.
- Using the rental for the purpose stated in the lease.
- Taking reasonable care of the property.
- Notifying the landlord if any major repairs are needed.
- Giving notice if leaving at the end of the lease.
- Giving notice if leaving before lease is up and paying rent for balance of lease if landlord can't find new tenants.
- Paying for any damage to the walls, floors, and furniture.
- Not making alterations that the landlord must fix later.
- Giving landlord a new set of keys if you change the locks.
- Paying all of rent if roommates move out and you stay.

rights and responsibilities of landlords



landlord's rights:

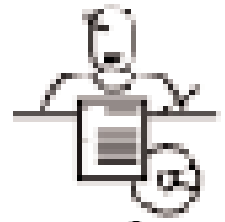
- Charging extra if rent is late (amount specified in lease agreement).
- Keeping part or all of the security deposit if you leave before the lease is up (as specified in the lease).
- Charging rent through the length of the lease even if you aren't living on the premises.
- Keeping all or part of security deposit if you damage walls, floors, or fixtures, or if you make alterations that have to be fixed after you move out.

landlord's responsibilities:

- Making repairs in a reasonable amount of time.
- Keeping premises safe and sanitary.
- Entering premises only at agreed-upon time to make repairs (unless there is an emergency), or to show the apartment to potential renters if you are moving out.
- Paying interest on deposit money.
- Collecting rent.
- Maintaining exterior grounds of building.

lesson four

living on your own



student activities

name: _____

date: _____



estimate the cost of your bedroom furnishings



directions

On a sheet of paper, prepare an itemized list of every major object in your bedroom, including furniture, linens, and other items. Then, estimate the cost of each item and answer the questions below.

1. What items did you include?

2. How did the total compare to what you expected?

3. For what items did you underestimate the cost?

4. For what items did you overestimate the cost?

name: _____

date: _____

calculate the cost of setting up an apartment or redecorating a home



directions

Each team member should pick one room (choices include kitchen, dining room, bedroom, living room, and bathroom). Research how much it would cost to furnish and equip the room. Consider various alternatives, including secondhand stores, garage sales, donations from family and relatives, etc.

1. What items did you include?

2. What was your source for each item?

3. What was the total cost?

4. How did the total compare to what you expected?

name: _____

date: _____



budgeting to live on your own or upgrade your lifestyle

Use this form to set up a budget that would allow you and your teammates to rent and furnish an apartment.

income

Job #1	\$
Job #2	\$
Other	\$
total income	\$

fixed expenses

Savings	\$
Rent/mortgage	\$
Car insurance	\$
Car payment	\$
Other	\$

flexible expenses

Food/Eating out	\$
Utilities (heat, electricity, phone, cable)	\$
Transportation	
Bus fare	\$
Gas and oil	\$
Parking and tolls	\$
Repairs	\$
Other	\$
Clothing	\$
Entertainment	\$
Personal items	\$
Medical (e.g., Rx)	
Household items	\$
Tuition/School expenses	\$
total monthly expenses¹	\$

budgeting to live on your own (continued)

Continue to calculate what you and your teammates would pay to rent and furnish an apartment.

moving-in costs

Rent for first month	\$
Rent for last month	\$
Security deposit	\$
Utilities deposit	\$
Telephone deposit	\$
Moving costs	\$

total cost to move in² \$

cost of furnishing and equipping an apartment

Bedroom #1	\$
Bedroom #2	\$
Living room	\$
Dining room	\$
Kitchen	\$
Bathroom	\$
Other	\$

total cost³ \$

summary

total cost for first month (1+2+3)	\$
---	-----------

name: _____

date: _____



would you sign this lease?



directions

Use the attached lease form to answer the following questions.

1. For which utilities, if any, does the landlord pay?
2. If you were to fall down a wet flight of stairs and break your leg while in the apartment building, could you hold the landlord legally responsible for your medical bills?
3. If you break any provision of the lease, what recourse does the landlord have?
4. What terms and conditions apply if you choose to stay after the lease has expired?
5. If the landlord changes (or waives) any provision in the lease, how are the other provisions affected?
6. If you want to let the landlord know you are moving out, what must you do?
7. Is there anything in this lease you would change?
8. Would you add any provisions to this lease?



lease agreement

lease

1. Parties/Premises:

This Lease is made this 27th of August, 2000, by and between Alice Chan (herein referred to as “Landlord”) and Tim Baker (herein referred to as “Tenant”). Landlord hereby leases to Tenant certain real property situated in the City of Toronto, Province of Ontario, commonly known as 123 Main Street and described as Two Bedroom Apartment (hereinafter called the “Premises”).

2. Term:

The term of this Lease shall be for one year commencing on September 1, 2000, and ending on September 1, 2001.

3. Rent:

Tenant shall pay to Landlord as rent for the Premises the sum of \$850.00 dollars per month, on the first day of each month. Rent shall be payable without notice or demand at the address as the Landlord may designate to Tenant in writing.

4. Utilities:

Tenant shall make all arrangements and pay for all gas, heat, light, power, telephone, and other utility services supplied to the Premises and for all connection charges.

5. Hold Harmless:

Tenant shall hold Landlord harmless from any and all claims arising from Tenant’s use of the Premises. Except for Landlord’s wilful or grossly negligent conduct, Tenant assumes all risk of damage to property or injury to persons in or about the Premises.

6. Default:

If Tenant shall default and breach any covenant or provision of the Lease, then the Landlord, after giving the proper notice required by law, may re-enter the Premises and remove any property and any and all persons therefrom. The undersigned Resident(s) whether or not in actual possession of the premises, are jointly and severally liable for all obligations under this rental agreement.

7. Holding Over:

If Tenant, with the Landlord’s consent, remains in possession of the Premises after expiration of this Lease, such possession shall be a tenancy from month-to-month at a rental in the amount of the last month’s rent. Tenant must notify Landlord in writing at least sixty days prior to evacuating the Premises, unless otherwise stated in the lease agreement. All other provisions remain the same.

8. Waivers:

No waiver by Landlord of any provision hereof shall be deemed a waiver of any other provision hereof.

Landlord By:

Alice Chan

signature

Tenant By:

Tim Baker

signature

name: _____

date: _____



would you sign this rental agreement?



directions

Use the attached rental agreement form to answer the following questions.

1. Except in an emergency, how much notice must the landlord give you before entering your apartment?
2. What must you do if you want to alter the apartment in any way?
3. Under what circumstances may the landlord withhold your security deposit?
4. After you move out of the apartment, how long does the landlord have to return your security deposit (assuming you leave the apartment clean and in good condition)?
5. What recourse, if any, does the landlord have if you sublease the apartment without prior consent?
6. You rent the apartment with a friend, and you both sign the rental agreement. Then, you decide to move out but do not notify the landlord. At a later date, your former roommate defaults on the rent. Can the landlord hold you legally responsible?
7. Is there anything in this rental agreement you would change?
8. Is there anything you would want to add to this rental agreement?

rental agreement



rental agreement (month-to-month)

This agreement is entered into this 23rd day of December, 2001, by and between Anna Numekevor "Owner" (Landlord) and Faheem Singh "Resident" (Tenant), hereafter referred to as "the parties."

IN CONSIDERATION OF THEIR MUTUAL PROMISES THE PARTIES AGREE AS FOLLOWS:

1. Owner rents to Resident(s) and Resident(s) rents from Owner, for residential use only, the following "premises" known as: 325 Shady Lane, Canmore, Alberta.
2. Rent is due in advance of the first day of each and every month, at \$600.00 per month, beginning on the first day of January, 2002. If any rent shall be due and unpaid five (5) or more days after the due date, or if default shall be made by Resident(s) in any of the other covenants herein contained, then Owner, at his option, may terminate the tenancy by law.
3. Owner is given the right to enter and/or inspect the apartment for the following purposes:
 - (a) In case of emergency.
 - (b) To make necessary repairs or improvements, supply necessary services, or exhibit the dwelling unit to prospective or actual purchasers, tenants, or contractors.
 - (c) When Resident(s) has abandoned or surrendered the premises. Except in cases of emergency, or if it is impractical to do so, Owner shall give Resident(s) reasonable notice of his intent to enter. Twenty-four hours shall be presumed to be reasonable notice.
4. No pets, barbecues, or dangerous items shall be kept or allowed in or about the premises without Owner's written permission.
5. No alterations or decorations shall be made by Resident(s) without Owner's prior written consent. Any improvements to the premises shall become property of Owner at the end of the tenancy.
6. Resident(s) shall pay for any damage or injury to any portion of the premises, common areas, furnishings, fixtures, or appliances, or for personal injury caused by Resident(s).
7. Resident(s) shall pay for all utilities, services, and charges, if any, made payable by or predicated upon occupancy of Resident(s), except monthly water and garbage bills.
8. Resident(s) shall deposit with Owner, as a security deposit, the sum of \$600.00. Owner may claim and withhold of the security deposit, only such amounts as are reasonably necessary to remedy Resident(s) defaults as follows:
 - (a) in the payment of rent, or
 - (b) to repair damages to the premises, if necessary, upon termination of the tenancy. No later than two weeks after Resident(s) has vacated the premises, Owner shall furnish Resident(s) with an itemized written statement of the basis and the amount of any security and shall return any remaining portion of such security to Resident(s).
9. Resident(s) shall neither assign nor sublet these premises or any part thereof or otherwise permit others to occupy the apartment without written consent of Owner. This clause is a special consideration for this contract and its violation shall result in termination of this contract.
10. The undersigned Resident(s) whether or not in actual possession of the premises, are jointly and severally liable for all obligations under this rental agreement.

The undersigned Resident(s) acknowledges having read and understood the foregoing.

Owner:

Anne Numekevor

signature

Resident:

Faheem Singh

signature



would you sign this lease? answer key



directions

Use the attached lease form to answer the following questions.

1. What utilities, if any, does the landlord pay for?

According to the lease, the landlord doesn't pay for any of the utilities.

2. If you were to fall down a wet flight of stairs and break your leg while in the apartment building, could you hold the landlord legally responsible for your medical bills?

Only if you could prove the landlord was "wilfully and grossly" negligent.

3. If you break any provision of the lease, what recourse does the landlord have?

The landlord, after giving proper notice required by law, may enter the Premises and remove any property and any persons therefrom in the manner allowed by law.

4. What terms and conditions apply if you choose to stay after the lease has expired?

Tenancy becomes month-to-month at a rental in the amount of the last month's rent. All other terms and conditions remain the same.

5. If the landlord changes (or waives) any provision in the lease, how are the other provisions affected?

All other provisions of the lease stay the same.

6. If you want to let the landlord know you are moving out, what must you do?

Notify the landlord, in writing, at least 60 days before you plan to move out.

7. Is there anything in this lease you would change?

8. Would you add any provisions to this lease?

would you sign this rental agreement?



answer key



directions

Use the attached rental agreement form to answer the following questions.

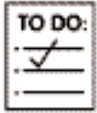
1. Except in an emergency, how much notice must the landlord give you before entering your apartment?
24 hours.
2. What must you do if you want to alter the apartment in any way?
Obtain written consent from the Owner.
3. Under what circumstances may the landlord withhold your security deposit?
A landlord can withhold a "reasonable and necessary" amount to remedy the following defaults: payment of rent, to repair damages to the premises caused by Residents, exclusive of ordinary wear and tear, or to clean the premises, if necessary, upon termination of tenancy.
4. After you move out of the apartment, how long does the landlord have to return your security deposit (assuming you leave the apartment clean and in good condition)?
No more than two weeks.
5. What recourse, if any, does the landlord have if you sublease the apartment without prior consent?
The landlord can terminate your lease.
6. You rent the apartment with a friend, and you both sign the rental agreement. Then, you decide to move out but do not notify the landlord. At a later date, your former roommate defaults on the rent. Can the landlord hold you legally responsible?
Yes. There is a clause that states: "The undersigned Resident(s) whether or not in actual possession of the premises, are jointly and severally liable for all obligations under this rental agreement."
7. Is there anything in this rental agreement you would change?
8. Would you add any provisions to this rental agreement?

name: _____

date: _____



selecting an apartment



Compare two or three different rental units based on the following factors:

location

Place of employment, schools, churches, synagogues, shopping, public transportation, recreation, parks

building exterior

Condition of building, grounds, parking availability, recreation facilities

building interior

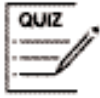
Exits, security, hall maintenance, condition of elevators, access to mailboxes

apartment layout and facilities

Condition, size, closets, carpeting, appliances, type of heat, air conditioning, plumbing, water pressure, storage area, room size, doors, locks, windows

financial aspects

Rent amount, length of lease, security deposit, utilities, other costs



lesson four quiz: living on your own

true-false

1. _____ An electric bill is commonly considered a fixed living expense.
2. _____ A security deposit covers the rent for the first month when moving into an apartment.
3. _____ A roommate may reduce the financial burden of renting an apartment.
4. _____ Saving money for a down payment to buy a house is usually considered a short-term goal.
5. _____ A lease is designed to protect the rights of both a tenant and a landlord.

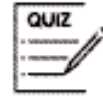
multiple choice

6. _____ A common flexible expense associated with apartment renting is:
 - A. a security deposit.
 - B. apartment insurance.
 - C. electricity.
 - D. rent.
7. _____ A _____ deposit refers to money held to cover possible damage in an apartment.
 - A. cleaning
 - B. security
 - C. telephone
 - D. utilities
8. _____ A common moving-in cost for an apartment would be:
 - A. a down payment.
 - B. building insurance.
 - C. real estate taxes.
 - D. a security deposit.
9. _____ A long-term goal would be to:
 - A. rent an apartment.
 - B. own an apartment building.
 - C. move to a larger apartment.
 - D. buy additional furniture.
10. _____ The agreement between a renter and a landlord is a:
 - A. security deposit.
 - B. mortgage.
 - C. lease.
 - D. deed.

case application

Helga recently completed high school. She is working full time and taking courses in the evening and on weekends at a local community college. Since she is making a good income, Helga wants to get an apartment. She believes this would give her more privacy to study, resulting in higher grades and a better chance to transfer to a top college or university. What would you recommend in this situation?

lesson four quiz: living on your own answer key



true-false

1. f An electric bill is commonly considered a fixed living expense.
2. f A security deposit covers the rent for the first month when moving into an apartment.
3. t A roommate may reduce the financial burden of renting an apartment.
4. f Saving money for a down payment to buy a house is usually considered a short-term goal.
5. t A lease is designed to protect the rights of both a tenant and a landlord.

multiple choice

6. C A common flexible expense associated with apartment renting is:
A. a security deposit.
B. apartment insurance.
C. electricity.
D. rent.
7. B A _____ deposit refers to money held to cover possible damage in an apartment.
A. cleaning
B. security
C. telephone
D. utilities
8. D A common moving-in cost for an apartment would be:
A. a down payment.
B. building insurance.
C. real estate taxes.
D. a security deposit.
9. B A long-term goal would be to:
A. rent an apartment.
B. own an apartment building.
C. move to a larger apartment.
D. buy additional furniture.
10. C The agreement between a renter and a landlord is a:
A. security deposit.
B. mortgage.
C. lease.
D. deed.

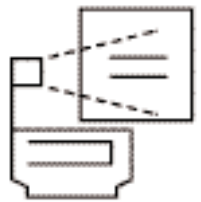
case application

Helga recently completed high school. She is working full time and taking courses in the evening and on weekends at a local community college. Since she is making a good income, Helga wants to get an apartment. She believes this would give her more privacy to study, resulting in higher grades and a better chance to transfer to a top college or university. What would you recommend in this situation?

While an apartment may be an appropriate decision, Helga must also consider other factors. Since she works and goes to school, the apartment may not be used much. Also, by living at home, she would be able to save more money for future educational costs.

lesson five

buying a home



overheads



the home-buying process

phase 1: determine home ownership needs

- What type of housing should I (we) buy?
- How much can I (we) afford to spend?

phase 2: locate and evaluate a home

- Where do I (we) want to live?
- What aspects of the home need improvement?

phase 3: price the property

- What is an appropriate market price?
- How much negotiation movement exists?

phase 4: obtain financing

- How much down payment is available?
- What are current mortgage rates?
- Can I (we) qualify for a mortgage?
- What type of mortgage should be selected?

phase 5: close the purchase transaction

- What is the closing date?
- What funds and documents will be needed for the closing?
- Is everything understood before the final signing?

qualifying for a mortgage



- Determine an estimated value of the home you would like to purchase.
- Obtain funds for a down payment from savings or through gifts or loans from family members.
- Reduce other debts or improve your credit record, if necessary.
- Compare fees, services, and mortgage rates for different lenders.
- Prepare the mortgage application.

your mortgage acceptance will be based on your credit record.

The amount of the mortgage for which you qualify will be influenced by:

- Your income
- The amount available for a down payment
- Current mortgage rates



types of mortgages

open mortgages:

- Interest rate fluctuates with the market
- Flexible to pay without penalty at any time
- More popular when interest rates are falling
- Sometimes called a “variable rate” mortgage

closed mortgages

- A set term eg., 5 years, 10 years
- A fixed rate of interest
- Provides security
- Less flexibility for making payments

convertible mortgages

- Provides a low rate for a short period of time
- Must “lock in” before the time period expires

split-term mortgages

- Combines features of different mortgage types

types of mortgages (continued)



reverse mortgages

- Provides income to the homeowner
- A loan that is a paid back with interest

refinancing

- Obtaining a new mortgage on your current home
- Usually a penalty for breaking the existing mortgage agreement



at the real estate transaction settlement, commonly referred to as the “closing,” the following costs are commonly incurred by a person buying a home:

- Title search fee (\$50-\$150)
- Title insurance (\$100-\$200)
- Lawyer’s fee (amount varies)
- Appraisal fee (\$100-\$300)
- Credit report (\$25-\$75)
- Home inspection (\$200-\$400)
- Reserves for home insurance and property taxes (amount varies)
- Interest paid in advance (if applicable)
- Land transfer tax (amount varies)
- CMHC Insurance (depends on the amount of the loan)
- Mortgage Registration Fee (\$50)
- GST on new home purchase (“new home” means you are the original owner of the home and you are entitled to a rebate of a portion of the GST)

selling your home



prepare your home for selling to increase appeal and market value

- Make necessary repairs
- Paint exterior and interior areas
- Update various features (such as new carpeting or plumbing fixtures)

determine the selling price, based on:

- An appraisal to estimate current market value
- The location, features, and age of the home
- Current mortgage rates and market demand in your area

decide if you will do a "sale by owner"

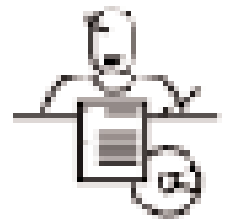
- Advertise your home in various media (newspapers, Internet, flyers)
- Be ready to meet and show your home to prospective buyers
- Make use of the services of a lawyer or title company for the legal aspects

consider using the services of a real estate agent

- Interview two or more agents to compare their service and experience
- Expect the agent to provide a marketing plan and to handle the financial and legal aspects of the sale
- Communicate with the agent on a regular basis regarding the selling price and prospective buyers
- Consider holding an open house for potential purchasers

lesson five

buying a home



student activities

name: _____

date: _____



should they rent or buy?



directions

For each of the following situations, circle **RENT**, **BUY**, or **DEPENDS** to indicate your opinion related to this person's housing decision. Also, give reasons for your response.

Answers may vary.

1. Jasmine, age 22, plans to work full time while completing her college degree in a nearby city.

RENT

BUY

DEPENDS

2. Harry, age 44, travels out of town frequently for his sales job. His company may transfer him to another sales territory within a year or two.

RENT

BUY

DEPENDS

3. Gino, age 32, recently completed his master's degree in business while working at the same company for the past six years. He has also been able to save nearly \$8,000 over this time period.

RENT

BUY

DEPENDS

4. Chelsea, age 19, has just taken her first job as a sales representative trainee for a computer software company.

RENT

BUY

DEPENDS

5. Karen and Vincent, ages 54 and 57, are planning to retire within the next few years.

RENT

BUY

DEPENDS

should they rent or buy? answer key



directions

For each of the following situations, circle **RENT**, **BUY**, or **DEPENDS** to indicate your opinion related to this person's housing decision. Also, give reasons for your response.

Answers may vary.

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RENT

BUY

DEPENDS

2. Harry, age 44, travels out of town frequently for his sales job. His company may transfer him to another sales territory within a year or two.

RENT

BUY

DEPENDS

3. Gino, age 32, recently completed his master's degree in business while working at the same company for the past six years. He has also been able to save nearly \$8,000 over this time period.

RENT

BUY

DEPENDS

4. Chelsea, age 19, has just taken her first job as a sales representative trainee for a computer software company.

RENT

BUY

DEPENDS

5. Karen and Vincent, ages 54 and 57, are planning to retire within the next few years.

RENT

BUY

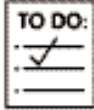
DEPENDS

name: _____

date: _____



conducting a home inspection



Based on personal observations of homes, interviews with homeowners and real estate agents, and using the Internet, list several items to consider when doing an inspection before deciding to buy a home.

exterior facilities:

- 1.
- 2.
- 3.

exterior construction:

- 1.
- 2.
- 3.

interior construction:

- 1.
- 2.
- 3.

interior design:

- 1.
- 2.
- 3.

name: _____

date: _____



shopping for a mortgage

Use the following form to compare two or more sources of home mortgages:

List the source **#1** _____ **#2** _____

List the source	#1	#2
Type of mortgage: (closed, open. etc.)		
Length: (# years)		
Mortgage amount:		
Financial Institution: (address, phone)		
Contact person:		
Web site:		
Credit report:		
Appraisal fee:		
Interest rate:		
Monthly payment:		
Other fees, charges (prepaid interest):		
Other information:		

name: _____

date: _____



computing mortgage payments

Using the following mortgage payment factors, calculate the monthly mortgage payment for the following situations.

mortgage payment factors

(principal and interest factors per \$1,000 of loan amount)

Term Rate	Amortization Period			
	25 Years	20 Years	15 Years	10 Years
6.0%	6.398	7.122	8.399	11.065
6.5	6.698	7.405	8.664	11.311
7.0	7.004	7.693	8.932	11.559
7.5	7.316	7.986	9.205	11.810
8.0	7.632	8.284	9.482	12.064
8.5	7.954	8.586	9.762	12.320
9.0	8.280	8.892	10.045	12.579
9.5	8.610	9.202	10.332	12.840
10.0	8.945	9.517	10.623	13.103
10.5	9.283	9.835	10.916	13.369
11.0	9.625	10.156	11.213	13.637

Example: A 25-year mortgage at 6.5 percent for \$100,000.

Calculations: $(\$100,000 \div 1,000) \times 6.698 = \669.80

1. A 15-year mortgage at 8.5 percent for \$75,000. _____
2. A 20-year mortgage at 8 percent for \$95,000. _____
3. A 15-year mortgage at 7 percent for \$155,000. _____
4. A 10-year mortgage at 7.5 percent for \$60,000. _____

computing mortgage payments answer key



Using the following mortgage payment factors, calculate the monthly mortgage payment for the following situations.

mortgage payment factors

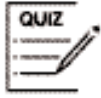
(principal and interest factors per \$1,000 of loan amount)

Term Rate	Amortization Period			
	25 Years	20 Years	15 Years	10 Years
6.0%	6.398	7.122	8.399	11.065
6.5	6.698	7.405	8.664	11.311
7.0	7.004	7.693	8.932	11.559
7.5	7.316	7.986	9.205	11.810
8.0	7.632	8.284	9.482	12.064
8.5	7.954	8.586	9.762	12.320
9.0	8.280	8.892	10.045	12.579
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Example: A 25-year mortgage at 6.5 percent for \$100,000.

Calculations: $(\$100,000 \div 1,000) \times 6.698 = \669.80

1. A 15-year mortgage at 8.5 percent for \$75,000 $(\$75,000 \div 1,000) \times 9.762 = \732.15
2. A 20-year mortgage at 8 percent for \$95,000 $(\$95,000 \div 1,000) \times 8.284 = \786.98
3. A 15-year mortgage at 7 percent for \$155,000 $(\$155,000 \div 1,000) \times 8.932 = \$1,384.46$
4. A 10-year mortgage at 7.5 percent for \$60,000 $(\$60,000 \div 1,000) \times 11.559 = \693.54



lesson five quiz: buying a home

true-false

1. _____ A main advantage of renting is pride of ownership.
2. _____ Buying a home will usually have fewer costs than renting.
3. _____ The home buying process ends with closing the purchase transaction.
4. _____ A larger down payment will reduce the amount of the mortgage needed.
5. _____ Conventional or “closed” mortgages usually have a rate that changes as market interest rates change.

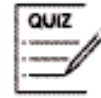
multiple choice

6. _____ A common disadvantage of buying a home is:
 - A. few financial benefits.
 - B. limited mobility.
 - C. restrictions on decorating and having pets.
 - D. conditions in the lease.
7. _____ The home buying process starts with:
 - A. locating and evaluating a home.
 - B. pricing the property.
 - C. determining homeownership needs.
 - D. obtaining an appraisal of the property.
8. _____ The amount of a mortgage a person can afford is affected by:
 - A. the location of the house.
 - B. her or his income.
 - C. the cost of insurance.
 - D. his or her age.
9. _____ A _____ mortgage has a very large final payment.
 - A. conventional
 - B. graduated-payment
 - C. shared-appreciation
 - D. balloon
10. _____ The charges for settling a real estate transaction are also called _____ costs.
 - A. mortgage
 - B. closing
 - C. possession
 - D. selling

case application

Roberto and Shelly have been able to save \$7,000 for a down payment on a house. Roberto would like to buy a large home that is a long drive from their jobs. Shelly would like a small townhouse near their work. What factors should they consider when buying a home?

lesson five quiz: buying a home answer key



true-false

1. t A main advantage of renting is pride of ownership.
2. f Buying a home will usually have fewer costs than renting.
3. t The home buying process ends with closing the purchase transaction.
4. t A larger down payment will reduce the amount of the mortgage needed.
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multiple choice

6. B A common disadvantage of buying a home is:
A. few financial benefits.
B. limited mobility.
C. restrictions on decorating and having pets.
D. conditions in the lease.
7. C The home buying process starts with:
A. locating and evaluating a home.
B. pricing the property.
C. determining homeownership needs.
D. obtaining an appraisal of the property.
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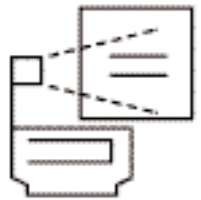
case application

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They should start with how much they are able to afford. Next, they should consider the location where they would like to live. In addition, they should investigate various sources and types of mortgages.

lesson six

banking services



overheads



beware of these high-cost financial services

pawn shops charge very high interest for loans based on the value of tangible assets (such as jewellery or other valuable items).

rent-to-own programs offer an opportunity to obtain home entertainment systems or appliances for a small weekly fee. However, the amount paid for the item usually far exceeds the cost if the item were bought on credit.

cheque-cashing outlets charge high fees (sometimes 2 or 3 percent) just to have a paycheque or government cheque cashed.

rapid-refund tax services provide “instant refunds” when you pay to have your federal tax return prepared. However, this “instant refund” is a loan with interest rates as high as 120 percent.

cheque-deferral services allow consumers to get a cash advance on their next paycheque. However, these short-term loans are very expensive. A \$200, two-week advance may cost over \$30 (with annual costs exceeding \$900).

comparing chequing accounts



location

branch offices; hours of operation; availability of ATMs

fees

monthly fees; per cheque fees; printing of cheques; balance inquiry fees; ATM fees

other charges

overdraft charge; stop-payment fees; certified cheque fees

interest

rate earned; minimum deposit to earn interest; compounding method; fee charged for falling below necessary balance

restrictions

minimum balance; deposit insurance; holding period for deposited cheques

special features

direct deposit; automatic payments; overdraft protection; online banking; discounts or free chequing for students, seniors, or employees of certain companies



opening a chequing account

APPLICATION FOR DEPOSIT SERVICES						Branch Transit #
Branch Name						
Information About You						
First Customer Name					Product(s) Service(s) at bank?	
Address						
City & Province					Postal Code	
Birthdate	SIN	Language	Home Phone	Business Phone		
I.D.			I.D.			
Employer			Occupation			
Joint Customer Name					Product(s) Service(s) at bank?	
Address						
City & Province					Postal Code	
Birthdate	SIN	Language	Home Phone	Business Phone		
I.D.			I.D.			
Employer			Occupation			
Mailing Address (if different from above)						

Deposit Services Set-up as Requested By You Today

Packages			Other Services		
Type of Service	Setup	Requested	Type of Service	Setup	Requested

Deposit Accounts							
Type of Service	Account #	Signing Arrangement	Recordkeeping	Personalized Cheques?	Cheque Return Option?	Initial Deposit	Source of Funds
Particulars of Deposit							

PIN (Personal Identification Number) Request
 Credit Card / Debit Card for First Customer

Credit Card / Debit Card for Joint Customer

You apply for the services indicated on this application and agree to be bound by the agreements governing these services. You agree to pay the service charges which may be levied in connection with the services you have applied for.

First Customer Signature _____

Joint Customer Signature _____

Date: _____ Prepared by: _____

Date: _____ Prepared by: _____

making a deposit



323-21
1610

1 Your
First
Bank Anytown, Canada

1 DATE _____

SIGN HERE IN TELLER'S PRESENCE
FOR CASH RECEIVED

CASH	CURRENCY				2
	COINS				3
LIST CHEQUES SINGLY					4
					5
					6
TOTAL FROM OTHERSIDE					7
TOTAL					8
LESS CASH RECEIVED					9
NET DEPOSIT					

:9124 6027 48656519 30937 3620000 108

1. Write the date you are making the deposit in this field.
2. If you are depositing currency (paper bills), write the total amount here.
3. If you are depositing coins, write the total amount here.
4. If you are depositing a cheque, write the name of the person/company who wrote the cheque here.
5. Write the amount of the cheque here.
6. If you are depositing more cheques than can be listed on the front, continue to list them on the back, and write the total amount of the cheques on back here.
7. Write the total amount you are depositing here.
8. If you are making a deposit inside a bank with a teller and you want to receive cash back from your deposit, write the amount you want in this field.
9. Write the total amount (less cash back) of your deposit in this field.



endorsing a cheque

blank endorsement

Anyone can cash cheque

A diagram showing a cheque with a handwritten signature 'John Doe' in the endorsement area. The rest of the cheque is blank. The front of the cheque shows the number '#127', the amount '20', and the word 'DOLLARS'. A MICR line at the bottom reads '3 7534964 127'.

restrictive endorsement

More secure than blank endorsement

A diagram showing a cheque with a handwritten signature 'John Doe' and the text 'For deposit only' and 'Acc# 0417-678' in the endorsement area. The front of the cheque shows the number '#127', the amount '20', and the word 'DOLLARS'. A MICR line at the bottom reads '3 7534964 127'.

special (or full) endorsement

Transfer cheque to another party

A diagram showing a cheque with a handwritten signature 'John Doe' and the text 'Pay to the order of Jane Smith' in the endorsement area. The front of the cheque shows the number '#127', the amount '20', and the word 'DOLLARS'. A MICR line at the bottom reads '3 7534964 127'.

writing a cheque



The image shows a sample cheque form with the following details:

- Bank:** Your First Bank, Anytown, Canada
- Check Number:** #127
- MICR Line:** @9124 6027 481546519 00523 7534914 127
- Payee:** John Doe, Mary Doe, 2111 Elm Street, Anytown, Canada
- Amount:** 20 (in numerals), 100 DOLLARS (in words)

Numbered callouts on the form:

- 1: Date field (pre-filled with 20)
- 2: Pay to the order of field
- 3: Dollar symbol and amount field
- 4: Words amount field (100 DOLLARS)
- 5: Payee name and address field
- 6: Signature field
- 7: Memo field
- 8: MICR line

- 1. Date** Enter the date you are writing the cheque.
- 2. Payee** Enter the name of the person or the company to whom you are going to give the cheque.
- 3. Amount of cheque in numerals** Enter the amount of the cheque, in numbers. Don't leave any space between the pre-printed dollar symbol (\$) and the numbers indicating the amount of the cheque; there should be no room for someone to add in extra numbers.
- 4. Amount of cheque in words** Enter the amount of the cheque in words. Start writing at the far left side of the line. Follow the dollar amount by the word "and," then write the amount of cents over the number 100. Draw a line from the end of the 100 to the end of the line.
- 5. Name** Your personal information is printed here.
- 6. Signature** Sign your cheque exactly the way you signed your name on the signature card you filled out when you opened your account.
- 7. Memo** Use this space to note why you wrote the cheque. If you are paying a bill, this is a good place to put information requested by the company.
- 8. Identification numbers** These numbers are used to identify the bank, your account number, and the check number. They are printed in a special magnetic ink that machines can read.



keeping a running balance

(a) Keeping a Running Balance: Cheque Transaction

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT		DEPOSIT AMOUNT	BALANCE	
						366	97
101	6/4	Sound Out	216	30		150	67

(b) Keeping a Running Balance: ATM Cards

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT		DEPOSIT AMOUNT	BALANCE	
						366	97
101	6/4	Sound Out	216	30		150	67
ATM	6/10	withdrawal	35	00		115	67

(c) Keeping a Running Balance: Debit Cards

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT		DEPOSIT AMOUNT	BALANCE	
						366	97
101	6/4	Sound Out	216	30		150	67
ATM	6/10	withdrawal	35	00		115	67
DrCard	6/10	debit card	55	00		60	67

reading a bank statement



STATEMENT FOR

Jane Doe
4 Primrose Lane
Anytown, Canada

THIS STATEMENT COVERS

12/20__ through 1/18__

CHEQUING ACCOUNT 0471-678	Previous Statement Balance On 12/19/__	612.04
	Total of 3 Deposits For	1,980.68 +
	Total of 10 Withdrawals For	1,705.25 -
	Total Service Charges	3.50 -
New Balance		883.97 +

CHEQUES AND OTHER DEBITS	CHEQUE	DATE PAID	AMOUNT	CHEQUE	DATE PAID	AMOUNT
	181	12/24	15.00	184	12/17	1232.27
	182	1/04	17.00	186	12/31	54.47
	183	12/26	217.54	187	1/03	53.97
	Monthly Maintenance Charge				1/18	3.50
	Withdrawal #00281 at ATM #423A				12/24	40.00
	Withdrawal #02628 at ATM #423A				12/31	20.00
	Withdrawal #08744 at ATM #430E				1/15	20.00
	Withdrawal #02456 Debit Card				1/16	35.00

DEPOSITS AND OTHER CREDITS	DATE POSTED	AMOUNT
Transfer from 4039-557 at ATM #423C	12/27	1200.00
Customer Deposit at ATM #423A on 1/12	1/14	521.78
Direct Deposit from #05323 on 1/17	1/18	258.90

ATM LOCATIONS USED	423A: 2500 Centre Plaza, Anytown, Canada
	423C: 2500 Centre Plaza, Anytown, Canada
	430E: 945 Hamilton Ave., Big City, Canada

THANK YOU FOR BANKING WITH Your First Bank

electronic banking services



direct deposit... earnings (or government payments) automatically deposited into bank accounts, saving time, effort, and money.

automatic payments... utility companies, loan payments, and other businesses use an automatic payment system with bills paid through direct withdrawal from a bank account.

automatic teller machines... allow customers to obtain cash and conduct banking transactions.

point-of-sale transactions... acceptance of ATM/debit cards at retail stores and restaurants for payment of goods and services.

stored-value cards... prepaid cards for telephone service, transit fares, laundry service, library fees, and school lunches.

electronic cash... companies are developing electronic replicas of all existing payment systems—cash, cheques, debit cards, and coins.

internet/cyberbanking... banking through online services. Banks with Web site “cyber” branches allow customers to check balances, pay bills, transfer funds, compare savings plans, and apply for loans on the Internet.



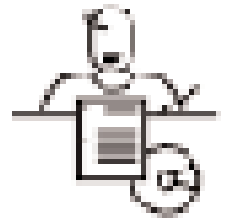
smart cards

smart cards, sometimes called “electronic wallets,” look like ATM cards; however, they also include a microchip.

- This minicomputer stores prepaid amounts for buying goods and services, keeps track of the transactions, and maintains an electronic balance of the value of the card.
- A smart card may also store data about a person’s account balances, transaction records, insurance information, and medical history.
- Smart cards may be issued by a variety of sources including banks, merchants and telephone or utility companies.
- Some smart cards may be reloaded at a bank or at an ATM. Others may be disposed of after their prepaid value has been used.
- Uses for smart cards will expand in the future.

lesson six

banking services



student activities

name: _____

date: _____



choosing a chequing account

name of bank:

branch information:

■ Branch nearest your home:

■ Branch nearest your work:

■ Number of branches:

number of ATMs:

bank hours:

are your funds insured?

types of accounts:

fees:

■ Must maintain a minimum daily balance of:

■ Must maintain an average daily balance of:

■ Monthly maintenance charge:

interest:

■ How much interest do you earn on your account?

■ How is it calculated?

charges:

cheques:

Printing cheques

NSF cheques

Stopping cheques

Certifying cheques

balance inquiries:

At teller window

At ATMs

By phone

By computer

withdrawals at:

Teller window

Bank-owned ATMs

Interac ATMs

National network ATMs

International network ATMs

special services

Fund transfer by phone

Pre-authorized bill payment

Signature guarantee

Bill payment by phone

Cheque card

deposits:

keeping a running balance answer key



record deposits and keep a running balance in the cheque register below.

1. On May 26, your balance is \$527.96.
2. On May 27, you write cheque #107 to your landlord, Mrs. Wilson, for \$226.00.
3. On May 28, you use your debit card at Food Mart for \$22.52.
4. On June 1, you write a cheque for \$156.32 to Gateway Motors for your car payment.
5. On June 1, you realize your cheque to Gateway Motors should have been for \$165.23, so you void the first cheque and write a new cheque for \$165.23.
6. On June 2, you write a cheque to your phone company for \$62.77.
7. On June 2, you use your ATM card to withdraw \$20.00.
8. On June 15, your paycheque for \$425.00 is automatically deposited.
9. On June 15, you use your debit card at Gifts Plus to buy a \$18.99 birthday present for your mother.
10. On June 15, you write a cheque for \$246.45 to XYZ Insurance Co. to cover your insurance premium.
11. On June 22, you transfer \$100.00 online from your chequing account to your savings account.
12. On June 24, you use your debit card at Gas Up to fill up your car. You spend \$12.88.
13. On June 28, you use your ATM card to withdraw \$30.00 from your chequing account.

CHEQUE NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT		DEPOSIT AMOUNT		BALANCE	
							527	96
107	5/27	Mrs. Wilson	226	00			301	96
DrCard	5/28	Debit-card Food Mart	22	52			279	44
108	6/1	Gateway Motors	156	32			123	12
	6/1	Void Cheque #108			156	32	279	44
109	6/1	Gateway Motors	165	23			114	21
110	6/2	Phone Company	62	77			51	44
ATM	6/2	cash withdrawal	20	00			31	44

keeping a running balance answer key

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT		DEPOSIT AMOUNT		BALANCE	
							31	44
ATM	6/15	deposit			425	00	466	44
DrCrd	6/15	Debit card- gift plus mom's b-day	18	99			437	45
111	6/15	XYZ Insurance	246	45			191	00
ATM	6/22	transfer to savings	100	00			91	00
DrCrd	6/24	Debit card- Gas Up	12	88			78	12
ATM	6/28	withdrawal	30	00			48	12

use the cheque register you just completed to answer the following questions:

1. What was your account balance on May 30?
\$279.44

2. Could you have paid your car insurance payment on June 1 instead of June 15? If not, why?
No — the payment was \$246.45 but the account balance on June 1 was only \$114.21

3. The love of your life has been in a bad mood lately, and you think an expensive present might help. You've found a leather jacket on sale for \$189.00. Can you afford to buy the jacket on June 8? What will your account balance be if you do?
No — the account will be overdrawn by \$157.56

4. The hottest new band in town has just released a CD. It costs \$21.99. Can you afford to buy the CD on June 2? What will your account balance be if you do?
Yes — \$9.45

5. What was your account balance after you withdrew \$30.00 on June 28?
\$48.12

6. What was the amount of check #111, to whom did you write it, and for what?
\$246.45 to XYZ Insurance for a car insurance payment

name: _____

date: _____



reading a bank statement

using the bank statement on the next page, answer the following questions:

1. What period does this statement cover?
2. What is the account number of this statement?
3. How many deposits were made and what were the amounts?
4. How many cheques cleared and what was the total dollar amount of the cheques that cleared?
5. Was there any ATM activity? If so, how many transactions were there, and what was the total amount?
6. Was there any debit card activity? If so, how many transactions were there, and what was the total amount?
7. Were there any service charges? If so, what was the total amount?
8. What is the total of all withdrawals (cheques, ATM transactions, debit card transactions, service charges)?
9. What is the new balance of the account?
10. Did cheque #182 clear?
11. What was the amount of cheque #183?
12. Did cheque #185 clear?
13. What was the amount of cheque #187?

reading a bank statement (continued)



STATEMENT FOR

Jane Doe
4 Primrose Lane
Anytown, Canada

THIS STATEMENT COVERS

12/20__ through 1/18__

CHEQUING ACCOUNT 0471-678	Previous Statement Balance On 12/19/__	612.04
	Total of 3 Deposits For	1,980.68 +
	Total of 10 Withdrawals For	1,705.25 -
	Total Service Charges	3.50 -
	New Balance	883.97 +

CHEQUES AND OTHER DEBITS	CHEQUE	DATE PAID	AMOUNT	CHEQUE	DATE PAID	AMOUNT
	181	12/24	15.00	184	12/17	1232.27
	182	1/04	17.00	186	12/31	54.47
	183	12/26	217.54	187	1/03	53.97
		Monthly Maintenance Charge			1/18	3.50
		Withdrawal #00281 at ATM #423A			12/24	40.00
		Withdrawal #02628 at ATM #423A			12/31	20.00
		Withdrawal #08744 at ATM #430E			1/15	20.00
		Withdrawal #02456 Debit Card			1/16	35.00

DEPOSITS AND OTHER CREDITS	DATE POSTED	AMOUNT
Transfer from 4039-557 at ATM #423C	12/27	1200.00
Customer Deposit at ATM #423A on 1/12	1/14	521.78
Direct Deposit from #05323 on 1/17	1/18	258.90

ATM LOCATIONS USED	423A: 2500 Centre Plaza, Anytown, Canada
	423C: 2500 Centre Plaza, Anytown, Canada
	430E: 945 Hamilton Ave., Big City, Canada

THANK YOU FOR BANKING WITH Your First Bank

reading a bank statement answer key

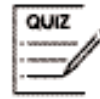


using the bank statement on the next page, answer the following questions:

1. What period does this statement cover?
12/20/___ - 1/18/___
2. What is the account number of this statement?
0471-678
3. How many deposits were made and what were the amounts?
Three, for the amounts of \$1200, \$521.78, and \$258.90
4. How many cheques cleared and what was the total dollar amount of the cheques that cleared?
Six, for a total amount of \$1590.25
5. Was there any ATM activity? If so, how many transactions were there, and what was the total amount?
Yes — three for a total amount of \$80.00
6. Was there any debit card activity? If so, how many transactions were there, and what was the total amount?
Yes — one for a total amount of \$35.00
7. Were there any service charges? If so, what was the total amount?
Yes — \$3.50
8. What is the total of all withdrawals (cheques, ATM transactions, debit card transactions, service charges)?
\$1708.75
9. What is the new balance of the account?
\$883.97
10. Did cheque #182 clear?
Yes
11. What was the amount of cheque #183?
\$217.54
12. Did cheque #185 clear?
No, as it is not showing as paid on the statement.
13. What was the amount of cheque #187?
\$53.97

name: _____

date: _____



lesson six quiz: banking services

true-false

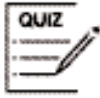
1. _____ A pawnshop offers loans to people starting their own business.
2. _____ Opening a chequing account requires completing a signature card.
3. _____ A blank endorsement allows anyone to cash a cheque.
4. _____ A “smart card” may store a person’s bank balance right on the plastic card.
5. _____ An outstanding cheque refers to one written on an account with a very low balance.

multiple choice

6. _____ The highest loan rates usually occur when borrowing from a:
A. bank.
B. credit-card company.
C. pawnshop.
D. credit union.
7. _____ A _____ is used to add funds to a bank account.
A. cheque
B. deposit slip
C. signature card
D. withdrawal slip
8. _____ A _____ endorsement includes the words “FOR DEPOSIT ONLY.”
A. full
B. special
C. blank
D. restrictive
9. _____ Obtaining cash from an ATM is similar to:
A. writing a cheque.
B. making a deposit.
C. opening a new account.
D. earning interest on your account.
10. _____ A service charge on your bank statement will result in:
A. a higher balance.
B. a lower balance.
C. earning more interest.
D. more outstanding cheques.

case application

A recent bank statement for Istvan Zubov revealed various service charges and fees of over \$10. How might Istvan reduce his costs for banking fees?



lesson six quiz: banking services answer key

true-false

1. f A pawnshop offers loans to people starting their own business.
2. t Opening a chequing account requires completing a signature card.
3. t A blank endorsement allows anyone to cash a cheque.
4. t A “smart card” may store a person’s bank balance right on the plastic card.
5. f An outstanding cheque refers to one written on an account with a very low balance.

multiple choice

6. C The highest loan rates usually occur when borrowing from a:
A. bank.
B. credit-card company.
C. pawnshop.
D. credit union.
7. B A _____ is used to add funds to a bank account.
A. cheque
B. deposit slip
C. signature card
D. withdrawal slip
8. D A _____ endorsement includes the words “FOR DEPOSIT ONLY.”
A. full
B. special
C. blank
D. restrictive
9. A Obtaining cash from an ATM is similar to:
A. writing a cheque.
B. making a deposit.
C. opening a new account.
D. earning interest on your account.
10. B A service charge on your bank statement will result in:
A. a higher balance.
B. a lower balance.
C. earning more interest.
D. more outstanding cheques.

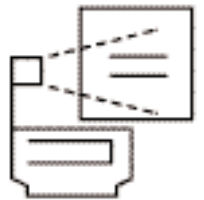
case application

A recent bank statement for Istvan Zubov revealed various service charges and fees of over \$10. How might Istvan reduce his costs for banking fees?

Istvan should start by analyzing his financial services habits. For example, if he uses an ATM often, the fees could be high. Or, if his checking account goes low he may have to pay a monthly fee or other charges for overdrawn accounts. If his fees are still high after careful use of banking services, he should compare the costs at other banks or a credit union and consider moving his account.

lesson seven

about credit



overheads



advantages and disadvantages of using credit

advantages:

- Able to buy needed items now
- Don't have to carry cash
- Creates a record of purchases
- More convenient than writing cheques
- Consolidates bills into one payment
- Emergencies

disadvantages:

- Interest (higher cost of items)
- May require additional fees
- Financial difficulties may arise if one loses track of how much has been spent each month
- Increased impulse buying may occur

the three C's



character—will you repay the debt?

From your credit history, does it look like you possess the honesty and reliability to pay credit debts?

- Have you used credit before?
- Do you pay your bills on time?
- Do you have a good credit report?
- Can you provide character references?
- How long have you lived at your present address?
- How long have you been at your present job?

capital—what if you don't repay the debt?

Do you have any valuable assets such as real estate, savings, or investments that could be used to repay credit debts if income is unavailable?

- What property do you own that can secure the loan?
- Do you have a savings account?
- Do you have investments to use as collateral?

capacity—can you repay the debt?

Have you been working regularly in an occupation that is likely to provide enough income to support your credit use?

- Do you have a steady job? What is your salary?
- How many other loan payments do you have?
- What are your current living expenses? What are your current debts?
- How many dependents do you have?



your responsibilities

- Borrow only what you can repay.
- Read and understand the credit contract.
- Pay debts promptly.
- Notify creditor if you cannot meet payments.
- Report lost or stolen credit cards immediately.
- Never give your card number over the phone unless you initiated the call or are certain of the caller's identity.
- Never leave your credit cards unattended at work.
- Protect your Personal Identification Number (PIN).
- Don't leave your credit cards in your vehicle.
- Always check your card when returned to you after a purchase.
- Carry your cards with you or make sure they are in a secure location.
- Sign the back of a new card as soon as you get it.
- Make a list of all your cards and their numbers.
- Always check your monthly statement.

your rights



consumer protection act

Ensures consumers are fully aware of their rights.

human rights

Prohibits discrimination in giving credit on the basis of sex, race, colour, religion, national origin, marital status, age, or receipt of public assistance.

credit reporting act

Sets up a procedure for the quick correction of mistakes that appear on consumer credit accounts.

collection agencies act

Prevents abuse by professional debts collectors, and applies to anyone employed to collect debts owed to others; does not apply to banks and other businesses collecting their own accounts.

sale of goods act

Contract of sale between buyer and seller. Encompasses type of contract, enforcement provisions, duties and remedies.

fair trading act

Applies to consumer transactions and unfair practices that occurred after September 1999.



building a credit history

- Establish a steady work record.
- Pay all bills promptly.
- Open a chequing account and don't bounce cheques.
- Open a savings account and make regular deposits.
- Apply for a local store credit card and make regular monthly payments.
- Apply for a small loan using your savings account as collateral.
- Get a co-signer on a loan and pay back the loan as agreed.

credit bureaus

- Equifax (1-800-465-7166)
- Trans Union
- Local credit bureaus affiliated with these major companies



credit report — a (continued)

LEGEND

- 1 **MOU BY DATA:** Shows information used to compute credit
- 2 **CONSUMER REFERRAL TELEPHONE NUMBER:** Telephone area where consumer may call office for credit credit
- 3 **CONSUMER FILE ALERT:** Indicates information concerning credit file is in error
- 4 **ONLINE INFO SOURCE:** Online computer system used to compute credit
- 5 **DEBT FILE WAS ACCESSED:** (print only)
- 6 **SAFESCAN WARNING:** Indicates possibly untrusted printed application material or data entry to system is suspect
- 7 **SCORES AND REASON CODES:** A risk score and code, updated based on the applicant's credit history, are used to determine the consumer's creditworthiness and to make such decisions as:
 - 8 **IDENTIFICATION SECTION:**
 - 9 Submitter's business address
 - 10 Date file was established
 - 11 Date of last update file
 - 12 Consumer's present and alternate addresses
 - 13 Former address
 - 14 Business address
 - 15 Address name subject to the delinquency
 - 16 Date of birth (month, day, year) with last digit replaced by a question mark to protect information on file
 - 17 **INQUIRIES SECTION:**
 - 18 **INQS:** Accounts appear in name of this member that report to all bureaus
 - 19 **INQ:** Number of name and telephone inquiries in the past 60 months
 - 20 **INQES:** Last number of inquiry since file established
 - 21 **EMPLOYMENT SECTION:**
 - 22 **EE:** Employer and subject's business name, address, date employed, date started, month, day
 - 23 **EE:** Employer and subject's business name, address, date employed, date started, date ended, dated to
 - 24 **EE:** Employer and subject's business name, address, date employed, date started
 - 25 **EE:** Employer and subject's business name, address, date employed, date started. An optional information provided in Query
 - 26 **SUMMARY SECTION:** Provides specific data items
 - A Credit report type and code
 - B Number of parties and of name
 - C Number of public records filed in state and number on file
 - D Number of public records filed in state and number on file
 - E Number of public records filed in state and number on file
 - F Highest rated range of trades on file
 - G Status of trades on file
 - 27 **PUBLIC RECORDS OF OTHER INFORMATION:**
 - 28 **BANKRUPTCIES:** A present and a history of public records on file
 - A Date filed
 - B Type of filing
 - C Court code
 - D Chapter and court trustee
 - E Filing by
 - F Assets
 - G Title trustee, trustee or both
 - H Date of bankruptcy and date of discharge or status of case
 - 29 **DEBT FROM COLLECTION:** A debt which a creditor is unable to collect and has assigned to a collector
 - A Reported date
 - B Type of assignment (P = purchase, O = other)
 - C Name of the collector or their agency

- I Original amount of a contract
- J Industry classification code
- K Branch or company location
- L Type of liability
- M Balance of the contract
- 28 **SECURED ITEMS:** A debt that is collateralized with a registered item is shown when the debt is secured personally or jointly or collateralized with an assigned item to protect the creditor. There is a change in collateralization if secured items are not included in the previous quarter.
 - A Registered
 - B Secured
 - C Name of the security provider (company)
 - D Industry type of collateral
 - E Asset number, name and address of asset
 - F Amount of item
 - G Maturity date
- 29 **JUDGMENTS:** A court order against a debtor for payment of money or goods
 - A Date judgment granted or satisfied
 - B Judgment number, ID, entered payment ID, ID, judgment
 - C Court identification number, state, court
 - D Amount of judgment
 - E Type of debt
 - F Judgment code
 - G Name
 - H Status of judgment (not satisfied, satisfied, disputed, unknown) and date when applicable
- Other public records information included: 300, 900, 999, credit counseling, automatic payments, debt payoff
- 30 **TRADE INFORMATION SECTION:**
 - A Company name and trade protection record or company name
 - B Date item last reported to bureau
 - C Industry sector of account
 - D Date of item was reported with date granted
 - E Highest credit usage and the highest amount owed on credit item
 - F Monthly payment amount
 - G Balance owing as of date reported
 - H Account past due as of date reported, status of payment
 - I Years of accounts and number of payments on file by date
 - J Number of missed payments in 30 days by date
 - K Number of times credit reported reported to a bureau
 - L Date of last 30 days on the report
 - M Previous high rates (30 days) and the highest missed report companies
 - N Additional information on the account
 - O Date this 30 days on the report was updated by an account or a collector
- 31 **BANKING INFORMATION SECTION:**
 - A Company name and telephone number
 - B Type of account
 - C Type of account
 - D Date account was opened with credit grant
 - E Balance of the account as of date granted
 - F Additional information on account
- 32 **CONSUMER STATEMENT SECTION:** Status of the account or dispute added to the file by the consumer, dispute, or other comments
- 33 **REOPENED:** Indicates inquiry was made by the consumer to see if added to a consumer's
- 34 **Additional information on report**





TRADE INFORMATION DESCRIPTIONS

Types of accounts

- D** Departmental divisions or divisions
- C** Credit cards
- R** Retail installment plan (open-end, revolving)
- M** Mortgage
- I** Installment loan (mainly retail purchase)

Manner of payment (North American Standard account ratings):

- 0** As new credit approved (current best)
- 1** Payment satisfactory (30 days or prompt payment) (no delinquencies or payment past due)
- 2** Payment satisfactory (more than 30 days late payment) (no delinquencies or payment past due) (with occasional late payment or delinquencies)
- 3** Payment satisfactory (more than 60 days late payment) (no delinquencies or payment past due) (with occasional late payment or delinquencies)
- 4** Payment satisfactory (more than 90 days late payment) (no delinquencies or payment past due) (with occasional late payment or delinquencies)
- 5** Payment satisfactory (15 days late but no delinquencies)
- 7** Making good on past delinquencies (delinquencies in the course of new credit ratings)
- 8** Reopening
- 9** Substituted by collection agency



GLOSSARY

A assets	AM amount	AN annual report	AP approved
AC account number	AMP delinquency	AO authorized	AR arrears (past due)
AD address	E equity	AS assets	AT authorized
AK account number	F financial	AT assets	AV approved
AL assets	FA financial	AV approved	AW approved
P payment	FB financial	AW approved	AX approved
BM balance	FC financial	AX approved	AY approved
BR business	FD financial	AY approved	AZ approved
BU business	FE financial	AZ approved	BA approved
CA credit	FF financial	BA approved	BB approved
CB credit	FG financial	BB approved	BC approved
CC credit	FH financial	BC approved	BD approved
CD credit	FI financial	BD approved	BE approved
CE credit	FJ financial	BE approved	BF approved
CF credit	FK financial	BF approved	BG approved
CG credit	FL financial	BG approved	BH approved
CH credit	FM financial	BH approved	BI approved
CI credit	FN financial	BI approved	BJ approved
CJ credit	FO financial	BJ approved	BK approved
CK credit	FP financial	BK approved	BL approved
CL credit	FQ financial	BL approved	BM approved
CM credit	FR financial	BM approved	BN approved
CN credit	FS financial	BN approved	BO approved
CO credit	FT financial	BO approved	BP approved
CP credit	FU financial	BP approved	BQ approved
CQ credit	FV financial	BQ approved	BR approved
CR credit	FW financial	BR approved	BS approved
CS credit	FX financial	BS approved	BT approved
CT credit	FY financial	BT approved	BU approved
CU credit	FZ financial	BU approved	BV approved
CV credit	GA financial	BV approved	BW approved
CW credit	GB financial	BW approved	BX approved
CV credit	GC financial	BX approved	BY approved
CV credit	GD financial	BY approved	BZ approved
CV credit	GE financial	BZ approved	CA approved
CV credit	GF financial	CA approved	CB approved
CV credit	GG financial	CB approved	CC approved
CV credit	GH financial	CC approved	CD approved
CV credit	GI financial	CD approved	CE approved
CV credit	GO financial	CE approved	CF approved
CV credit	GP financial	CF approved	CG approved
CV credit	GQ financial	CG approved	CH approved
CV credit	GR financial	CH approved	CI approved
CV credit	GS financial	CI approved	CJ approved
CV credit	GT financial	CJ approved	CK approved
CV credit	GU financial	CK approved	CL approved
CV credit	GV financial	CL approved	CM approved
CV credit	GW financial	CM approved	CN approved
CV credit	GX financial	CN approved	CO approved
CV credit	GY financial	CO approved	CP approved
CV credit	GZ financial	CP approved	CQ approved
CV credit	HA financial	CQ approved	CR approved
CV credit	HB financial	CR approved	CS approved
CV credit	HC financial	CS approved	CT approved
CV credit	HD financial	CT approved	CU approved
CV credit	HE financial	CU approved	CV approved
CV credit	HF financial	CV approved	CW approved
CV credit	HG financial	CW approved	CX approved
CV credit	HH financial	CX approved	CY approved
CV credit	HI financial	CY approved	CZ approved
CV credit	HJ financial	CZ approved	CA approved
CV credit	HK financial	CA approved	CB approved
CV credit	HL financial	CB approved	CC approved
CV credit	HM financial	CC approved	CD approved
CV credit	HN financial	CD approved	CE approved
CV credit	HO financial	CE approved	CF approved
CV credit	HP financial	CF approved	CG approved
CV credit	HQ financial	CG approved	CH approved
CV credit	HR financial	CH approved	CI approved
CV credit	HS financial	CI approved	CJ approved
CV credit	HT financial	CJ approved	CK approved
CV credit	HU financial	CK approved	CL approved
CV credit	HV financial	CL approved	CM approved
CV credit	HW financial	CM approved	CN approved
CV credit	HX financial	CN approved	CO approved
CV credit	HY financial	CO approved	CP approved
CV credit	HZ financial	CP approved	CQ approved
CV credit	IA financial	CQ approved	CR approved
CV credit	IB financial	CR approved	CS approved
CV credit	IC financial	CS approved	CT approved
CV credit	ID financial	CT approved	CU approved
CV credit	IE financial	CU approved	CV approved
CV credit	IF financial	CV approved	CW approved
CV credit	IG financial	CW approved	CX approved
CV credit	IH financial	CX approved	CY approved
CV credit	II financial	CY approved	CZ approved
CV credit	IJ financial	CZ approved	CA approved
CV credit	IK financial	CA approved	CB approved
CV credit	IL financial	CB approved	CC approved
CV credit	IM financial	CC approved	CD approved
CV credit	IN financial	CD approved	CE approved
CV credit	IO financial	CE approved	CF approved
CV credit	IP financial	CF approved	CG approved
CV credit	IQ financial	CG approved	CH approved
CV credit	IR financial	CH approved	CI approved
CV credit	IS financial	CI approved	CJ approved
CV credit	IT financial	CJ approved	CK approved
CV credit	IU financial	CK approved	CL approved
CV credit	IV financial	CL approved	CM approved
CV credit	IW financial	CM approved	CN approved
CV credit	IX financial	CN approved	CO approved
CV credit	IY financial	CO approved	CP approved
CV credit	IZ financial	CP approved	CQ approved
CV credit	JA financial	CQ approved	CR approved
CV credit	JB financial	CR approved	CS approved
CV credit	JC financial	CS approved	CT approved
CV credit	JD financial	CT approved	CU approved
CV credit	JE financial	CU approved	CV approved
CV credit	JF financial	CV approved	CW approved
CV credit	JG financial	CW approved	CX approved
CV credit	JH financial	CX approved	CY approved
CV credit	JI financial	CY approved	CZ approved
CV credit	JJ financial	CZ approved	CA approved
CV credit	JK financial	CA approved	CB approved
CV credit	JL financial	CB approved	CC approved
CV credit	JM financial	CC approved	CD approved
CV credit	JN financial	CD approved	CE approved
CV credit	JO financial	CE approved	CF approved
CV credit	JP financial	CF approved	CG approved
CV credit	JQ financial	CG approved	CH approved
CV credit	JR financial	CH approved	CI approved
CV credit	JS financial	CI approved	CJ approved
CV credit	JT financial	CJ approved	CK approved
CV credit	JU financial	CK approved	CL approved
CV credit	JV financial	CL approved	CM approved
CV credit	JW financial	CM approved	CN approved
CV credit	JX financial	CN approved	CO approved
CV credit	JY financial	CO approved	CP approved
CV credit	JZ financial	CP approved	CQ approved
CV credit	KA financial	CQ approved	CR approved
CV credit	KB financial	CR approved	CS approved
CV credit	KC financial	CS approved	CT approved
CV credit	KD financial	CT approved	CU approved
CV credit	KE financial	CU approved	CV approved
CV credit	KF financial	CV approved	CW approved
CV credit	KG financial	CW approved	CX approved
CV credit	KH financial	CX approved	CY approved
CV credit	KI financial	CY approved	CZ approved
CV credit	KJ financial	CZ approved	CA approved
CV credit	KK financial	CA approved	CB approved
CV credit	KL financial	CB approved	CC approved
CV credit	KM financial	CC approved	CD approved
CV credit	KN financial	CD approved	CE approved
CV credit	KO financial	CE approved	CF approved
CV credit	KP financial	CF approved	CG approved
CV credit	KQ financial	CG approved	CH approved
CV credit	KR financial	CH approved	CI approved
CV credit	KS financial	CI approved	CJ approved
CV credit	KT financial	CJ approved	CK approved
CV credit	KU financial	CK approved	CL approved
CV credit	KV financial	CL approved	CM approved
CV credit	KW financial	CM approved	CN approved
CV credit	KX financial	CN approved	CO approved
CV credit	KY financial	CO approved	CP approved
CV credit	KZ financial	CP approved	CQ approved
CV credit	LA financial	CQ approved	CR approved
CV credit	LB financial	CR approved	CS approved
CV credit	LC financial	CS approved	CT approved
CV credit	LD financial	CT approved	CU approved
CV credit	LE financial	CU approved	CV approved
CV credit	LF financial	CV approved	CW approved
CV credit	LG financial	CW approved	CX approved
CV credit	LH financial	CX approved	CY approved
CV credit	LI financial	CY approved	CZ approved
CV credit	LJ financial	CZ approved	CA approved
CV credit	LK financial	CA approved	CB approved
CV credit	LL financial	CB approved	CC approved
CV credit	LM financial	CC approved	CD approved
CV credit	LN financial	CD approved	CE approved
CV credit	LO financial	CE approved	CF approved
CV credit	LP financial	CF approved	CG approved
CV credit	LQ financial	CG approved	CH approved
CV credit	LR financial	CH approved	CI approved
CV credit	LS financial	CI approved	CJ approved
CV credit	LT financial	CJ approved	CK approved
CV credit	LU financial	CK approved	CL approved
CV credit	LV financial	CL approved	CM approved
CV credit	LV financial	CM approved	CN approved
CV credit	LW financial	CN approved	CO approved
CV credit	LX financial	CO approved	CP approved
CV credit	LY financial	CP approved	CQ approved
CV credit	LZ financial	CQ approved	CR approved
CV credit	MA financial	CR approved	CS approved
CV credit	MB financial	CS approved	CT approved
CV credit	MC financial	CT approved	CU approved
CV credit	MD financial	CU approved	CV approved
CV credit	ME financial	CV approved	CW approved
CV credit	MF financial	CW approved	CX approved
CV credit	MG financial	CX approved	CY approved
CV credit	MH financial	CY approved	CZ approved
CV credit	MI financial	CZ approved	CA approved
CV credit	MI financial	CA approved	CB approved
CV credit	MI financial	CB approved	CC approved
CV credit	MI financial	CC approved	CD approved
CV credit	MI financial	CD approved	CE approved
CV credit	MI financial	CE approved	CF approved
CV			



a credit report — b

**TRANS UNION OF CANADA, INC.
CONSUMER CREDIT REPORT**

Open: 999
Date: 31DEC95

1 Subject Spouse	Surname Consumer	Given Name to Robert	Soc. Ins. No.	Birth 11Oct51
2-Ref AKA	Consumer	Bob Robert		22Jan52
On File 20Oct89	Last Inq 19Oct92	Current Residence Owner/Owner	Telephone 4165511212	Free Phone 9055221212

RESIDENCE(S)

Street 325 Midler Ave #307 100 Main St. E #215	City Scarborough Toronto	Prov ON ON	Postal M1R3N1 M5K 3J8	Since Nov82 Aug75	Until Jul90 May98
---	---------------------------------------	-------------------------	------------------------------------	--------------------------------	--------------------------------

EMPLOYMENT(S)

Employer's Name & Address Henry & Hie. Dogs/111 Nathan St, Toronto Skelco/444 Iron Rd Toronto	Occupation Cooks Waiter	Since Jul81 Dec78	Until Aug91 Jan79
Spouse's Employer Henry & Hie. Dogs/111 Nathan St, Toronto	Sales Rep	Jul82	Aug82

2 FILE SUMMARY

Legal=2-Nov94 Inq=1-JUN91 Coll=2-APR92 Inq=2-Oct95 Chk=1=2 Coll=1=0
 Chk=2=000 Inq=1=377 Fch=2=377 Pym=2425 Acc=2 Neg=0 Pnd=0
 Trade=Nov93/Jan94 Balance= Inst=3000 Rev=577 Open=50 Mer=-80 #Inq=1

3 MESSAGES

Trans Alert INPUT S.I.N. DOES NOT MATCH FILE S.I.N.
 Bank Alert CURRENT INPUT ADDRESS IS A MAIL DRGP

4 BUREAU RISK SCORE

EMPHISCA: +555 **ALERT**

Factors

- 00 Delinquency
- 01 Amount owed on delinquent accounts
- 18 Date of last credit check (to reset)
- 15 Frequent delinquency

5 TRADES

Rept	Open	Law	B. Credit	Balance	PartBal	Term	Payment Pattern	MOIP
BC Nov92	Ontario Credit INC, 441 251 1212	May92	8000	577	577	108M	21112111111111111111	03
BB Nov92	Canadian Bank, 905-525-1212	Jan94	4500	3000	0	325M	11111111111111111111	11

6 REGISTERED ITEMS

Rept	Open	Main	Amount	Balance	PartBal	Term	Security
BB Jul90	Canadian Bank, 120 Main St., Toronto, ON M5K 2Z4	Jul90	4820				A

7 BANKRUPTCY

Rept	Rept	Trustee	Assets	Liab
Jan93	Jul91	Hewes & Associates 12 Main St., Toronto Court 123-5	500	75500
			Discharged	23Jan93

8 LEGAL ITEMS

Rept	Rept	Plaintiff's Name	Amount	Balance
Jan93	Nov92	Darham Finance Ltd County Court July 179487	800	
Mar98	Oct89	A's Electronics Supreme Court July 1234567	5000	
			Fail (11Jan93)	Fail (11Jan93)

9 COLLECTIONS

Rept	Rept	Agency/Creditor's Name	Amount	Balance
Jul95	Jan95	ABC Collections	1250	144
Jul94	Nov90	Atlantic Collect/Acc Cable Services	250	
			Still owing Jun95	Fail Jun94

10 INQUIRIES

Date	Credit	Grantor
15Jul95	BB	Bank 416-552-1212
15Jul92	LC	Department Store 905-203-1111

11 REMARKS

Info Information

3DEC94 COBS - Reason for bankruptcy - temporary unemployment

This completes the file for ROBERT CONSUMER.



CREDIT REPORT FIELDS

1 FILE AND DEMOGRAPHIC INFORMATION

- Date the credit report was issued
- Consumer's and spouse's name, plus any known aliases
- Social Insurance Number for consumer and spouse
- Date of birth, telephone number, current and previous employment
- Date the file was created
- Last date of inquiry on file
- Current address and date reported
- All previous addresses on file

2 FILE SUMMARY

Provides a snapshot of all activity on the consumer's credit report.

From left to right in the first row:

- Total number of legal items, with date of most current
- Total number of bankruptcies, with date of most current
- Total number of collections with date of most current
- Total number of inquiries, with date of most current
- Number of inquiries in last six months
- Number of inquiries that are collection inquiries in the last 24 months

From left to right in the second row:

- Total high credit to the consumer
- Balance running on the available credit
- Total positive
- Total payments
- Number of accounts
- Number of accounts that have negative rating (MOP of 3,4,5,7,8,9)
- Number of accounts paid

From left to right in the third row:

- Date of oldest account opened and date of most current account opened
- Breakdown of total running balances - Installment, Revolving, Debt, Mortgage
- Total number of Registered Items

3 SPECIAL MESSAGES

Highlights specific credit file conditions that may include:

- A **Trans Alert**[®] message appears when current credit address does not match any addresses on returned file, if input social insurance number does not match the file social insurance number, if there are four or more inquiries within the last 60 days, or if the input surname does not match returned file.
- A **HAWK**[®] message (optional) appears if address, phone number or SIN have been used in potentially fraudulent activity such as a commercial or institutional address.

4 BUREAU RISK SCORE

EMPIRICA[®] (optional)

Displays unitized predictive score to project a consumer's future credit risk. It is displayed numerically with four explanation factors. These factors are displayed in order based on their relative impact on the final score.

An "Alert" message occurs when a credit file contains MOP 7 or greater, a negative public record, a collection, or previous bankruptcy.

5 TRADES

Provides an ongoing historical and current record of the consumer's buying and payment activities. Trade information includes the following:

- Industry Code
- Name and telephone number of credit grantor
- Date the credit information was reported to Trans Union of Canada, Inc.

TRADES (cont'd)

- Date the account was opened
- Date of last activity on the account
- The high credit on the account
- Balance owing as of date reported
- Amount paid due as of date reported
- Terms of payment showing dollar amount owing and payment frequency

Frequency codes are:

L - Bi Monthly M - Monthly D - Daily S - Semi Annually
Q - Quarterly Y - Annually W - Weekly B - Bi Weekly

- Payment pattern gives you a detailed history of payment ratings for a maximum of 24 months. It reads from left to right with the most current verified entry on the left on the first line. The line below gives a summary of the historical status of the ratings for the total number of months the credit grantor has been reviewing the account. There are buckets for 30, 60 and 90 days. Ratings of "2" are added to the 30 day bucket, ratings of "3" are in the 60 day bucket and all other ratings (4,5,7,8,9) are counted in the 90 day bucket. "RM" is the total number of months reviewed.

- Type of account (R, I, O, M) and Manner Of Payment at which the account is currently reported.

(see breakdown of MOP codes for more details)

- R - Revolving
- I - Installment
- O - Open 30, 60, 90 day account
- M - Mortgage

- A remark is used if the account is in some type of dispute or requires an explanation of the credit condition of the account.

6 REGISTERED ITEMS

Gives full detail of registration including security.

- A - Consumer goods B - Inventory C - Equipment
- D - Assignment of book debts E - Other securities

7 BANKRUPTCY AND/OR PROPOSAL

Will be maintained on consumer's file in compliance with provincial regulations. Includes date reported, name and address of trustee, assets, liabilities, comments, date revised and discharges with date.

8 LEGAL ITEMS

Will be maintained on consumer's file in compliance with provincial regulations. Includes date reported, plaintiff's name, court, amount, balance, comments and served date.

9 COLLECTION INFORMATION

Includes agency name and creditor's names (if provided), amount, balance and comments, plus date reported and/or revised date.

10 INQUIRIES

Displays the users who have viewed the consumer's credit file.

Includes the date of the inquiry, the industry code of the inquirer, their name and telephone number.

11 REMARKS

Consumer Statement allows for comments from the consumer regarding information on their file.

a credit report — b (continued)



CREDIT REPORT CODES

TYPES OF ACCOUNTS

Open Account (payment required: 1 full payment)	A
Revolving or Open-end (30 days)	B
Installment (fixed number of payments)	D
Mortgage	M

USUAL MANNER OF PAYMENT

	Type of Account		
	O	R	I
Too new to rate properly but not used	0	0	0
Pays or paid within 30 days of billing, pays account as agreed	1	1	1
Pays or paid in more than 30 days, but not more than 60 days, or not more than one payment past due	2	2	2
Pays or paid in more than 60 days but not more than 90 days, or two payments past due	3	3	3
Pays or paid in more than 90 days, but not more than 120 days, or three or more payments past due	4	4	4
Account is at least 120 days overdue but is not yet rated as "N"	5	5	5
Making regular payments under a credit plan or under a similar arrangement	7	7	7
Repossession	8	8	8
Bad debt placed for collection (sk 2)	9	9	9

INDUSTRY CODE CLASSIFICATION

CODE	KIND OF BUSINESS
A	AGRICULTURE
B	BANKS & TRUST COMPANIES
C	CHITCHING
D	DEPARTMENT RETAIL
F	FINANCE - PERSONAL
G	GROCERY
H	HOME FURNISHINGS
I	INSURANCE
J	JEWELRY
K	CONTRACTORS
L	LUMBER, BUILDING MATERIAL, HARDWARE
M	MEDICAL & RELATED HEALTH
N	CREDIT CARD & TRAVEL INTERESTS/MSMT
O	OIL COMPANIES
P	PERSONAL SERVICE, OTHER THAN MEDICAL
Q	FINANCE COMPANIES OTHER THAN PERSONAL FINANCE
R	REAL ESTATE & PUBLIC ACCOMMODATIONS
S	SPORTING GOODS
T	FARM & GARDEN SUPPLIES
U	UTILITIES & FUEL
V	GOVERNMENT
W	WHOLESALE
X	ADVERTISING
Y	COLLECTION SERVICES
Z	MISCELLANEOUS

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types and sources of credit



single-payment credit

Items and services are paid for in a single payment, within a given time period, after the purchase. Interest is usually not charged.

- Utility companies, medical services
- Some retail businesses

instalment credit

Merchandise and services are paid for in two or more regularly scheduled payments of a set amount. Interest is included. A repayment plan is drawn up in the form of a conditional sales contract based upon fulfilling a number of conditions of the contract.

- Some retail businesses, such as car and appliance dealers

consumer loans

Money may also be loaned for a special purpose, with the consumer agreeing to repay the debt in regularly scheduled payments.

- Chartered banks
- Consumer finance companies
- Credit unions
- Trust companies

revolving credit

Many items can be bought using this plan as long as the total amount does not go over the credit user's assigned dollar limit.

Repayment is made at regular time intervals for any amount at or above the minimum required amount. Interest is charged on the remaining balance.

- Retail stores
- Financial institutions that issue credit cards



how much can you afford?

(the 20-10 guideline)

never borrow more than 20% of your yearly net income

- If you earn \$400 a month after taxes, then your net income in one year is:

$$12 \times \$400 = \$4,800$$

- Calculate 20% of your annual net income to find your safe debt load.

$$\$4,800 \times 20\% = \$960$$

- So, you should never have more than \$960 of debt outstanding.
- Note: Housing debt (i.e., mortgage payments) should not be counted as part of the 20%.

monthly payments shouldn't exceed 10% of your monthly net income

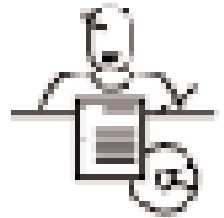
- If your take-home pay is \$400 a month:

$$\$400 \times 10\% = \$40$$

Your total monthly debt payments shouldn't total more than \$40 per month.

lesson seven

about credit



student activities

name: _____

date: _____



should they use credit?



directions

For each of the following situations, circle **YES**, **NO**, or **DEPENDS** to indicate your opinion related to this person using credit. Also, give reasons for your response.

Answers may vary.

1. Gina, age 18, plans to buy a car on credit so that she is able to drive to school.

YES

NO

DEPENDS

2. Fran and Simon recently took out a loan for a new roof.

YES

NO

DEPENDS

3. Pavel, age 20, recently used his credit card to pay for textbooks for his new semester of classes.

YES

NO

DEPENDS

4. Marcia, age 28, charges all her groceries on her credit card.

YES

NO

DEPENDS

5. Sandy and Carla, age 24 and 27, are planning on buying a boat on credit for use during summers. Carla will be the main signer for the loan, with Sandy being the co-signer.

YES

NO

DEPENDS

should they use credit? answer key



directions

For each of the following situations, circle **YES**, **NO**, or **DEPENDS** to indicate your opinion related to this person using credit. Also, give reasons for your response.

Answers may vary.

1. Gina, age 18, plans to buy a car on credit so that she is able to drive to school.

YES

NO

DEPENDS

2. Fran and Simon recently took out a loan for a new roof.

YES

NO

DEPENDS

3. Pavel, age 20, recently used his credit card to pay for textbooks for his new semester of classes.

YES

NO

DEPENDS

4. Marcia, age 28, charges all her groceries on her credit card.

YES

NO

DEPENDS

5. Sandy and Carla, age 24 and 27, are planning on buying a boat on credit for use during summers. Carla will be the main signer for the loan, with Sandy being the co-signer.

YES

NO

DEPENDS

name: _____

date: _____



test your credit knowledge

The following questions are designed to help you remember the credit information just covered in class.



directions

In the spaces provided, answer each of the following questions about credit.

List five things you can do to build a credit history.

1. _____
2. _____
3. _____
4. _____
5. _____

When a prospective creditor evaluates a credit application, they look for the three C's: Character, Capital, and Capacity. For each of the following statements, write the letter that corresponds to each statement's specific characteristic.

a) Character

b) Capital

c) Capacity

6. _____ Do you have a savings account?
7. _____ Have you used credit before?
8. _____ How long have you lived at your present address?
9. _____ Do you have a steady job?
10. _____ Do you pay your bills on time?
11. _____ What are your current debts and your current living expenses?

List the four major categories of information that appear on a credit report.

12. _____
13. _____
14. _____
15. _____

test your credit knowledge (continued)

In the space provided, write the letter of the type of credit each statement represents.

a) Single payment credit

b) Instalment credit

c) Revolving credit

16. _____ Monthly payment on a car loan
17. _____ Monthly telephone bill
18. _____ Monthly heating bill
19. _____ Using a credit card to buy a new jacket from a department store and then paying the charge off over several months
20. _____ Using a major credit card to buy a pair of shoes and then paying the total amount of the credit card balance within a month

For each of the following statements, write a **T** in the space provided if the statement is true, and **F** in the space provided if the statement is false.

21. _____ It is legal for a creditor to deny an applicant credit based on marital status or age.
22. _____ If you are denied credit, the creditor is not legally obligated to explain why.
23. _____ When creditors evaluate your income, they can't legally refuse to consider income from public assistance in the same manner as other income.
24. _____ If you are refused credit because of a credit report, upon request from you, the lender must give you the name and address of the credit bureau that issued the report.
25. _____ Your credit report is available to anyone, regardless of the reason.
26. _____ A debt collector has the right to contact you at any time of day or night.
27. _____ To be within a safe debt load, your total credit should not exceed 50% of your net pay after subtracting rent.
28. What should you do if you find there is inaccurate information on your credit report?
29. Generally, how long can a consumer reporting agency report unfavourable information?
30. How long can bankruptcy information be reported by a consumer reporting agency?



test your credit knowledge answer key

The following questions are designed to help you remember the credit information just covered in class.



directions

In the spaces provided, answer each of the following questions about credit.

List five things you can do to build a credit history.

- *Establish a steady work record.*
- *Pay all bills promptly.*
- *Open a chequing account and don't bounce cheques.*
- *Open a savings account and make regular monthly payments.*
- *Apply for a small loan using your savings account for collateral and then pay it back as agreed.*
- *Get a co-signer for a loan and pay back the loan as agreed.*

When a prospective creditor evaluates a credit application, they look for the three C's: Character, Capital, and Capacity. **For each of the following statements, write the letter that corresponds to each statement's specific characteristic.**

a) Character

b) Capital

c) Capacity

6. **b** Do you have a savings account?
7. **a** Have you used credit before?
8. **a** How long have you lived at your present address?
9. **c** Do you have a steady job?
10. **a** Do you pay your bills on time?
11. **c** What are your current debts and your current living expenses?

List the four major categories of information that appear on a credit report.

12. *Identification and employment data*
13. *Payment history*
14. *Inquiries*
15. *Public record information*

test your credit knowledge answer key

In the space provided, write the letter of the type of credit each statement represents.

a) Single-payment credit b) Instalment credit c) Revolving credit

16. b Monthly payment on a car loan
17. a Monthly telephone bill
18. a Monthly heating bill
19. c Using a credit card to buy a new jacket from a department store and then paying the charge off over several months
20. a Using a major credit card to buy a pair of shoes and then paying the total amount of the credit card balance within a month

For each of the following statements, write a **T** in the space provided if the statement is true, and **F** in the space provided if the statement is false.

21. f It is legal for a creditor to deny an applicant credit based on marital status or age.
22. f If you are denied credit, the creditor is not legally obligated to explain why.
23. t When creditors evaluate your income, they can't legally refuse to consider income from public assistance in the same manner as other income.
24. t If you are refused credit because of a credit report, upon request from you, the lender must give you the name and address of the credit bureau that issued the report.
25. f Your credit report is available to anyone, regardless of the reason.
26. f A debt collector has the right to contact you at any time of day or night.
27. t To be within a safe debt load, your total credit should not exceed 50% of your net pay after subtracting rent.

28. What should you do if you find there is inaccurate information on your credit report?

Contact the credit bureau. Under the Collections Practices Act, the credit bureau must investigate your report.

29. Generally, how long can a consumer reporting agency report unfavourable information?

7 years

30. How long can bankruptcy information be reported by a consumer reporting agency?

Up to 10 years

name: _____

date: _____



how much can they safely carry?

Most people can afford a certain amount of credit and stay within a safe budget. This amount is called a “safe debt load.” The following exercises will give you practice determining safe debt loads based on various incomes and fixed expenses.



directions

Read each of the following scenarios and determine the largest amount of debt each person can safely carry. **Write your answers in the blanks provided. Use the space below each question to show how you arrived at each answer.**

1. David has a monthly net income of \$1,360. His fixed monthly expenses is a student loan payment of \$116.

David would like to buy a new television set using a credit card. What is the largest monthly payment David can afford and still be within a safe debt load?

2. Francine and Pierre have a combined monthly net income of \$2,700. Their fixed monthly expenses include \$220 for Francine’s student loan payment, and \$82 for the stereo they bought last month.

Francine and Pierre would like to buy a new car. How much can they currently afford for monthly car payments and still maintain a safe debt load?

3. Miyoshi has a monthly net income of \$1,625. Her fixed monthly expenses include \$68 for the furniture she bought last month and a car payment of \$167. Are Miyoshi’s expenses within a safe debt load?

how much can they safely carry? answer key



Most people can afford a certain amount of credit and stay within a safe budget. This amount is called a “safe debt load.” The following exercises will give you practice determining safe debt loads based on various incomes and fixed expenses.



directions

Read each of the following scenarios and determine the largest amount of debt each person can safely carry. **Write your answers in the blanks provided. Use the space below each question to show how you arrived at each answer.**

1. David has a monthly net income of \$1,360. His fixed monthly expenses is a student loan payment of \$116.

David would like to buy a new television set using a credit card. What is the largest monthly payment David can afford and still be within a safe debt load?

\$20.00

$$\begin{aligned} \$1,360 \times 10\% &= \$136 \\ \$136 - \$116 &= \$20 \end{aligned}$$

2. Francine and Pierre have a combined monthly net income of \$2,700. Their fixed monthly expenses include \$220 for Francine’s student loan payment, and \$82 for the stereo they bought last month.

Francine and Pierre would like to buy a new car. How much can they currently afford for monthly car payments and still maintain a safe debt load?

Francine and Pierre are already above their safe debt load and need to reduce their debt load before being able to afford the car.

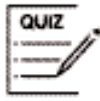
$$\begin{aligned} \$2,700 \times 10\% &= \$270 \\ \$270 - \$302 &= -\$32 \end{aligned}$$

3. Miyoshi has a monthly net income of \$1,625. Her fixed monthly expenses include \$68 for the furniture she bought last month, and a car payment of \$167. Are Miyoshi’s expenses within a safe debt load?

No.

$$\begin{aligned} \$1,625 \times 10\% &= \$162.50 \\ \$162.50 - 235 &= -\$72.50 \end{aligned}$$

Right now Miyoshi is over committed and is not within a safe debt load, and she should not commit to further debt.



lesson seven quiz: about credit

true-false

1. _____ A disadvantage of using credit is impulse buying.
2. _____ Capital refers to a person's assets.
3. _____ A steady employment record helps a person's credit history.
4. _____ Instalment credit usually allows a person to make additional purchases on an account.
5. _____ Using the 20-10 guideline, a person making \$40,000 a year should have no more than \$8,000 of outstanding debt.

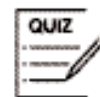
multiple choice

6. _____ A common advantage of using credit is:
 - A. less impulse buying.
 - B. lower cost for items purchased.
 - C. ability to obtain needed items now.
 - D. lower chance of overspending.
7. _____ A person's regular income is referred to as:
 - A. character.
 - B. capital.
 - C. collateral.
 - D. capacity.
8. _____ To build a credit history, a person could:
 - A. establish a steady employment record.
 - B. file his or her federal income taxes on time.
 - C. use an ATM several times a month.
 - D. request to view her or his credit file.
9. _____ Utility companies and medical service organizations commonly offer _____ credit.
 - A. revolving
 - B. single-payment
 - C. installment
 - D. retail
10. _____ Using the 20-10 guideline, a person earning \$1,500 a month should not have monthly credit payments that exceed:
 - A. \$300
 - B. \$150
 - C. \$20
 - D. \$30

case application

Makiko Nagata is considering a loan to finance her college education. She currently owes money on several charge accounts and credit cards. What actions would you recommend?

lesson seven quiz: about credit answer key



true-false

1. t A disadvantage of using credit is impulse buying.
2. t Capital refers to a person's assets.
3. t A steady employment record helps a person's credit history.
4. f Instalment credit usually allows a person to make additional purchases on an account.
5. f Using the 20-10 guideline, a person making \$40,000 a year should have no more than \$8,000 of outstanding debt.

multiple choice

6. C A common advantage of using credit is:
 - A. less impulse buying.
 - B. lower cost for items purchased.
 - C. ability to obtain needed items now.
 - D. lower chance of overspending.
7. D A person's regular income is referred to as:
 - A. character.
 - B. capital.
 - C. collateral.
 - D. capacity.
8. A To build a credit history, a person could:
 - A. establish a steady employment record.
 - B. file his or her federal income taxes on time.
 - C. use an ATM several times a month.
 - D. request to view her or his credit file.
9. B Utility companies and medical service organizations commonly offer _____ credit.
 - A. revolving
 - B. single-payment
 - C. installment
 - D. retail
10. A Using the 20-10 guideline, a person earning \$1,500 a month should not have monthly credit payments that exceed:
 - A. \$300
 - B. \$150
 - C. \$20
 - D. \$30

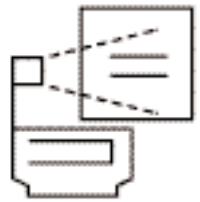
case application

Makiko Nagata is considering a loan to finance her college education. She currently owes money on several charge accounts and credit cards. What actions would you recommend?

While this is a valid reason for using credit, Mikiko might consider paying off some of her other debts before taking on this new loan. She might delay starting school full time until she has paid off her other accounts.

lesson eight

credit cards



overheads



shopping for a credit card

costs:

- Annual Percentage Rate (APR) or Finance (Interest) Charges
- Grace period
- Annual fees
- Transaction fees
- Balancing computation method for the finance charge

features:

- Credit limit
- How widely the card is accepted
- What services and features are available

calculating finance charges



cash advances:

You pay interest charges that accrue from the date of the cash advances.

average daily balance:

You pay interest on the average balance owed during the billing cycle. The creditor figures the balance in your account on each day of the billing cycle, then adds together these amounts and divides by the number of days in the billing cycle.

adjusted balance:

You pay interest on the opening balance after subtracting the payment or returns made during the month.

previous balance:

You pay interest on the opening balance, regardless of payments made during the month.

past-due balance:

No finance charge is added if the full payment is received within the grace period. If it is not received, a finance charge for the unpaid amount is added on to your next bill.

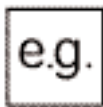


examples of finance charges

	<u>average daily balance</u>	<u>adjusted balance</u>	<u>previous balance</u>
monthly	1.5%	1.5%	1.5%
rate	18%	18%	18%
previous balance	\$400	\$400	\$400
payments	\$300	\$300	\$300

On 15th day (new balance = \$100)

average daily balance	\$250*	N/A	N/A
finance charge	\$3.75 (1.5% x \$250)	\$1.50 (1.5% x \$100)	\$6.00 (1.5% x \$400)



* To figure average daily balance:
 $(\$400 \times 15 \text{ days}) + (\$100 \times 15 \text{ days}) = \$250 \times 30 \text{ days}$

comparing credit cards



	Card 1 _____	Card 2 _____	Card 3 _____
Annual Fee			
Grace Period			
APR			
Credit Limit			
Finance Charge			
Method of Calculating Finance Charges			
Transaction Fees			
Fees for Late Payment			
Other Features			



what to do if you are denied credit

if you think the reasons for the denial are valid:

- Ask the creditor if you can provide additional information or arrange alternate credit terms.
- Apply to another creditor whose standards may be different.
- Do the things you need to do to improve your credit worthiness (pay bills on time, increase income, reduce spending, obtain a secured card, etc.) and then reapply.

if you are not sure whether the reason for the denial is valid:

- Ask the creditor to explain why you were denied.
- Review your credit history.
- If you find your credit history contains errors, take steps to correct the errors.

if you believe the reason for the denial is invalid and that the creditor has discriminated against you:

- Notify the Human Rights Commission or Consumer Affairs department in your province. They will investigate and report back to you.
- If you can afford it, hire a lawyer to file suit against the creditor. If the court determines the creditor did discriminate, the creditor will be required to pay you actual damages plus punitive damages.

reading a credit card statement



		Send Payments to: Box 1234 Anytown, CANADA		CREDIT CARD STATEMENT	
Date	Particulars	Debits/Credits			
Jan25	PaymentThankYou				-168.80
Jan 15	Record Recycler	Anytown, CANADA			14.83
Jan 15	Beeforama Restaurant	Anytown, CANADA			30.55
Jan 18	Great Expectations	Big City, CANADA			27.50
Jan 21	Dino-Gel Petroleum	Anytown, CANADA			12.26
Feb 09	Shirts 'N Such	Tinyville, CANADA			40.10
Account Number	Balance On Last Statement	Total Credits	Total Debits	My New Balance	
4125-239-412	168.80	-	168.80	+	125.24 = 125.24
John Doe 211 Elm Street Anytown, CANADA				Interest Rate/APR	Credit Limit
				17.5%	1,200.00
				Statement Date	Past Due
				2/13/__	00.00
				Due Date	Minimum Payment
				3/9/__	20.00
				Amount Paid	
Please make cheque or money order payable to Your First Bank. Include account number on front.				Please retain this portion	
General Customer Inquiries: 1-800-555-1234 Report Lost or Stolen Cards: 1-800-555-5678					



dealing with billing errors

collection agencies act

Sets up a procedure for the quick correction of mistakes that appear on consumer credit accounts.

- You can challenge a billing statement for errors such as charges for unauthorized purchases, charges for items that were never delivered, failure to credit a payment, etc.
- You must notify the creditor of a disputed item within 60 days.
- Creditor must investigate and, within two billing periods, either correct the mistake or explain why the charge is not in error.
- You cannot be billed for or forced to pay the disputed amount until the creditor has finished the investigation.
- If it is determined that you are responsible for the bill, you must be given the usual amount of time to pay it.
- Your credit history is protected during the dispute process.
- Creditor must supply customers with a statement of their rights at the time the account is opened and at least twice a year thereafter.

other credit card protections



prompt credit for payment

- A card issuer must credit your account on the day the issuer receives your payment, unless the payment is not made according to the creditor's requirements.

refunds of credit balances

- When you return merchandise or pay more than you owe, you have the option of keeping the credit balance on your account or receiving a refund.

unauthorized charges

- If you report your card lost before it is used, you cannot be held responsible for any unauthorized charges.
- If your card is used before you report it lost, you are usually liable for no more than \$50.00 in charges.

disputes about merchandise or services

- In some circumstances, you have the right to withhold payment for unsatisfactory merchandise or services. Otherwise, disputes must be resolved directly with the merchant.



credit card do's and don'ts

shop around

- Look at various sources.

read and understand the contract

- Read the contract carefully.
- Don't rush into signing anything.
- Once a contract is signed, get a copy of it.
- Know the penalties for missed payments.

know your cost

- Figure out total price when paying with credit.
- Make the largest payments possible.
- Know the penalties for missed payments.
- Buy on instalment credit only after you have evaluated all other possibilities.
- Don't be misled into thinking small payments will be easy.

how much can you afford? (the 20-10 guideline)



never borrow more than 20% of your yearly net income

- If your net income (money after taxes) is \$400 a month, then your net income in one year is:

$$12 \times \$400 = \$4,800$$

- Calculate 20% of your annual net income to find your safe debt load.

$$\$4,800 \times 20\% = \$960$$

- So, you should never have more than \$960 of debt outstanding.
- Note: Housing debt (i.e., mortgage payments) should not be counted as part of the 20%.

monthly payments shouldn't exceed 10% of your monthly net income:

- If your take-home pay is \$400 a month:

$$\$400 \times 10\% = \$40$$

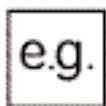
Your total monthly debt payments shouldn't total more than \$40 per month.



lost or stolen credit cards

protecting your credit cards

- When you first receive your credit card from the provider, take time to read the attached documentation. It will outline the procedure to follow if your card is lost or stolen.
- Some card providers may provide a credit card registry as a convenient and safe way to keep track of all of your card numbers for quick reference. A small annual fee may apply for this service.
- It's a good idea to make a list of everything you carry in your wallet, including credit card numbers. Don't forget to keep the list separate from your wallet or purse.
- If your card is lost or stolen, report it promptly to your credit card provider.
- Each card provider will have their own procedures to follow if your card is lost or stolen in Canada or while away out of the country.

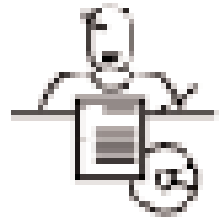


lost or stolen Visa card

First, call your issuing financial institution. If you can't remember which one issued your card, call the Visa International Global Customer Assistance Service toll free, 24 hours a day at (800) 847-2911. If you are out of the country, call (410) 581-9994 collect.

lesson eight

credit cards



student activities

name: _____

date: _____



shopping for credit

Credit card costs and features can vary greatly. This exercise will give you a chance to shop for and compare the costs and features of three credit cards.



directions

Using the attached form, research the costs and features of:

- Two major credit cards
- One credit card from a department store

When you're done, answer the following questions.

what did you find?

1. Which credit card has the highest annual percentage rate and how much is it?

2. What method is used to calculate the monthly finance charges for the first major credit card?

3. When does the finance charge begin to accrue on the credit card from the local department store?

4. Do any of the cards have annual fees?

If so, which one(s) and how much is the fee? _____

5. Is there a transaction fee on any card?

If so, how much is it? _____

6. Is there a minimum finance charge on either of the major credit cards?

If so, how much is it? _____

7. Does the first major credit card charge a fee for late payments?

If so, how much is it? _____

8. What is the grace period on the credit card from the local department store?

9. Jamel wants to buy a new CD player that costs \$450. According to his budget, he can afford payments up to \$62.00 per month. Which of the three credit cards you've found would you recommend Jamel use to purchase the CD player?

Why? _____

shopping for credit (continued)

use the following form to compare two or more credit cards:

	card one	card two
Type of account: Credit card Charge card		
Company name, address, phone		
Web site		
Locations where card is accepted		
Annual fee (if any)		
Grace period		
Annual Percentage Rate (APR)		
Finance charge calculation method		
Credit limit		
Minimum payment		
Other fees: Late payment		
Other features		

name: _____

date: _____



the statement

A credit card statement provides information such as how and when you've used your credit card, how much you owe, how much interest you're paying to use the card, how much your minimum payment is, and how much credit you have left.

Knowing how to read your credit card statement can also help you catch unauthorized charges and/or billing errors.

So, it can pay to know how to read the statement!

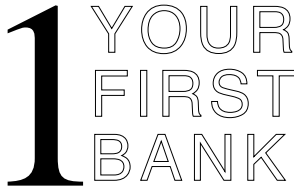


directions

Use the credit card statement on the following page to answer these questions:

1. What is the date of the statement? _____
2. What is the Annual Percentage Rate (APR)? _____
3. What is the new balance? _____
4. What was the previous balance? _____
5. How many charges were made during the billing cycle? _____
6. How many credits and payments were made during the billing cycle? _____
7. Were there any charges for late payments? _____
If so, how much were the charges? _____
8. What is the total amount of the credit line? _____
9. What is the total amount of available credit? _____
10. What is the total amount of charges made during the current billing period? _____
11. What is the account number on the statement? _____
12. Where should the payment be sent? _____

the statement (continued)

		Send Payments to: Box 1234 Anytown, CANADA			
CREDIT CARD STATEMENT					
Date	Particulars	Debits/Credits			
Jan 25	Payment Thank You	-168.80			
Jan 15	Record Recycler Anytown, CANADA	14.83			
Jan 15	Beeforama Restaurant Anytown, CANADA	30.55			
Jan 18	Great Expectations Big City, CANADA	27.50			
Jan 21	Dino-Gel Petroleum Anytown, CANADA	12.26			
Feb 09	Shirts 'N Such Tinyville, CANADA	40.10			
Account Number	Balance On Last Statement	Total Credits	Total Debits	My New Balance	
4125-239-412	168.80	- 168.80	+ 125.24	= 125.24	
John Doe 211 Elm Street Anytown, CANADA		Interest Rate/APR	17.5%	Credit Limit	1,200.00
		Statement Date	2/13/___	Past Due	00.00
		Due Date	3/9/___	Minimum Payment	20.00
		Amount Paid			
		Please make cheque or money order payable to Your First Bank. Include account number on front.		Please retain this portion	
		General Customer Inquiries: 1-800-555-1234 Report Lost or Stolen Cards: 1-800-555-5678			



A credit card statement provides information such as how and when you've used your credit card, how much you owe, how much interest you're paying to use the card, how much your minimum payment is, and how much credit you have left.

Knowing how to read your credit card statement can also help you catch unauthorized charges and/or billing errors.

So, it can pay to know how to read the statement!



directions

Use the credit card statement on the following page to answer these questions:

1. What is the date of the statement? *2/13/01*
2. What is the Annual Percentage Rate (APR)? *17.5%*
3. What is the new balance? *\$125.24*
4. What was the previous balance? *\$168.80*
5. How many charges were made during the billing cycle? *Five*
6. How many credits and payments were made during the billing cycle? *One*
7. Were there any charges for late payments? *No*
If so, how much were the charges? *None*
8. What is the total amount of the credit line? *\$1,200*
9. What is the total amount of available credit? *\$1,074.76*
10. What is the total amount of charges made during the current billing period? *\$125.24*
11. What is the account number on the statement? *4125-239-412*
12. Where should the payment be sent? *Your First Bank, Box 1234, Anytown, Canada*

name: _____

date: _____



how much does it really cost?



directions

Answer the following questions. You'll see for yourself how much items bought with credit can actually cost.

questions

Dimitri wants to buy a stereo for \$650 and pay for it using a credit card that has an Annual Percentage Rate of 19.8% and a periodic interest rate of 1.65%.

If Dimitri pays the minimum monthly payment of \$21.45:

1. How long will it take him to pay for the stereo?
2. What is the total amount Dimitri will pay for the stereo?
3. What is Dimitri's total cost of using credit?

If Dimitri makes monthly payments of \$60:

4. How many months will it take for Dimitri to pay off the stereo?
5. What is the total amount Dimitri will pay for the stereo?
6. What is Dimitri's total cost of using credit?

Karen took a cash advance on her credit card for \$1,500. The credit card she used charges an Annual Percentage Rate of 21% and a periodic interest rate of 1.75%.

If Karen pays the cash advance back at a rate of \$60 per month:

7. How long will it take Karen to pay for the cash advance?
8. What is the total amount Karen will end up paying for the cash advance?
9. How much interest will Karen pay?

If Karen pays the cash advance back at a rate of \$120 per month:

10. How long will it take Karen to pay for the cash advance?
11. What is the total amount Karen will end up paying for the cash advance?
12. How much interest will Karen pay?

how much does it really cost? (continued)

Marie just used her new credit card to buy a bike for \$400. Her budget allows her to pay no more than \$25 each month on her credit card. Marie has decided not to use the credit card again until the bike is paid off. The credit card she used has an Annual Percentage Rate of 21% and a periodic interest rate of 1.74%.

If Marie pays \$25 each month on her credit card:

13. How long will it take Marie to pay for the bike?
14. What is the total amount Marie will end up paying for the bike?
15. How much interest will Marie pay for using her credit card to buy the bike?

If Marie pays the minimum payment of \$20 each month:

16. How long will it take Marie to pay for the bike?
17. What is the total amount Marie will end up paying for the bike?
18. How much interest will Marie pay for using her credit card to buy the bike?

Gary has just used his credit card to buy a new watch. He got the watch on sale for \$235. The regular price was \$290. He used a credit card that has an Annual Percentage Rate of 20% and a periodic interest rate of 1.67%.

If Gary makes the minimum monthly payment each month of \$20:

19. How much will Gary end up paying for his new watch?
20. How long will it take Gary to pay for his watch?
21. What is the total amount of interest Gary will end up paying?

If Gary pays \$25 each month, instead of the minimum monthly payment of \$10 each month:

22. How much will Gary end up paying for his new watch?
23. How long will it take Gary to pay for his watch?
24. What is the total amount of interest Gary will end up paying?

how much does it really cost? answer key



directions

Answer the following questions. You'll see for yourself how much items bought with credit can actually cost.

questions

Dimitri wants to buy a stereo for \$650 and pay for it using a credit card that has an Annual Percentage Rate of 19.8% and a periodic interest rate of 1.65%.

If Dimitri pays the minimum monthly payment of \$21.45:

1. How long will it take him to pay for the stereo? *43 months*
2. What is the total amount Dimitri will pay for the stereo? *\$908.50*
3. What is Dimitri's total cost of using credit? *\$258.50*

If Dimitri makes monthly payments of \$60:

4. How many months will it take for Dimitri to pay off the stereo? *13 months*
5. What is the total amount Dimitri will pay for the stereo? *\$721.99*
6. What is Dimitri's total cost of using credit? *\$71.99*

Karen took a cash advance on her credit card for \$1,500. The credit card she used charges an Annual Percentage Rate of 21% and a periodic interest rate of 1.75%.

If Karen pays the cash advance back at a rate of \$60 per month:

7. How long will it take Karen to pay for the cash advance? *34 months*
8. What is the total amount Karen will end up paying for the cash advance? *\$1,989.88*
9. How much interest will Karen pay? *\$489.88*

If Karen pays the cash advance back at a rate of \$120 per month:

10. How long will it take Karen to pay for the cash advance? *15 months*
11. What is the total amount Karen will end up paying for the cash advance? *\$1,707.52*
12. How much interest will Karen pay? *\$207.52*

how much does it really cost? answer key

Marie just used her new credit card to buy a bike for \$400. Her budget allows her to pay no more than \$25 each month on her credit card. Marie has decided not to use the credit card again until the bike is paid off. The credit card she used has an Annual Percentage Rate of 21% and a periodic interest rate of 1.75%.

If Marie pays \$25 each month on her credit card:

13. How long will it take Marie to pay for the bike? *19 months*
14. What is the total amount Marie will end up paying for the bike? *\$473.38*
15. How much interest will Marie pay for using her credit card to buy the bike? *\$73.38*

If Marie pays the minimum payment of \$20 each month:

16. How long will it take Marie to pay for the bike? *25 months*
17. What is the total amount Marie will end up paying for the bike? *\$545.60*
18. How much interest will Marie pay for using her credit card to buy the bike? *\$145.60*

Gary has just used his credit card to buy a new watch. He got the watch on sale for \$235. The regular price was \$290. He used a credit card that has an Annual Percentage Rate of 20% and a periodic interest rate of 1.67%.

If Gary makes the minimum monthly payment each month of \$20:

19. How much will Gary end up paying for his new watch? *\$257.71*
20. How long will it take Gary to pay for his watch? *11 months*
21. What is the total amount of interest Gary will end up paying? *\$28.71*

If Gary pays \$25 each month, instead of the minimum monthly payment of \$20 each month:

22. How much will Gary end up paying for his new watch? *\$257.71*
23. How long will it take Gary to pay for his watch? *11 months*
24. What is the total amount of interest Gary will end up paying? *\$18.14*

name: _____

date: _____



how deep can they go?



directions

Read each of the following scenarios and determine if the purchase can be made and how the decision will affect the credit load.

Write your answers in the blanks provided. Use the space below each problem to show how you arrived at your answer. (Use the other side of this paper if you need more room.)

1. After paying rent, Laura and Jamie have a combined monthly net income of \$1,200. What is the most they can afford to pay for instalment and credit card debt?

2. Isaac has a monthly net income of \$800. He shares an apartment with friends and pays \$150 each month for rent. Isaac wants to buy a car. Currently, he has only one credit card payment each month for \$80. Given his current income and current fixed expenses, what does Isaac have left in his budget for a car payment?

3. After paying rent, Indra has a monthly net income of \$450. She wants to buy a new bike and pay for it using a credit card. What is the largest monthly payment she can commit to making?

4. Petr has a monthly net income of \$640. He pays \$120 per month for rent. He has a car payment of \$125 per month. Petr wants to buy new tires for his car. The total cost of the new tires is \$420. If he uses credit to pay for the tires, his minimum monthly payment will be \$40. If Petr buys the tires, what percentage of his net income, after rent, will he have committed to debt payments?



how deep can they go? answer key



directions

Read each of the following scenarios and determine if the purchase can be made and how the decision will affect the credit load.

Write your answers in the blanks provided. Use the space below each problem to show how you arrived at your answer. (Use the other side of this paper if you need more room.)

1. After paying rent, Laura and Jamie have a combined monthly net income of \$1,200.

What is the most they can afford to pay for instalment and credit card debt?

\$240.00

$$\$1,200 \times 20\% = \$240$$

2. Isaac has a monthly net income of \$800. He shares an apartment with friends and pays \$150 each month for rent. isaac wants to buy a car. Currently, he has only one credit card payment each month for \$80.

Given his current income and current fixed expenses, what does Isaac have left in his budget for a car payment?

\$50.00

$$\$800 - \$150 = \$650$$

$$\$650 \times 20\% = \$130$$

$$\$130 - \$80 = \$50$$

3. After paying rent, Indra has a monthly net income of \$450. She wants to buy a new bike and pay for it using a credit card.

What is the largest monthly payment she can commit to making?

\$90

$$\$450 \times 20\% = \$90$$

4. Petr has a monthly net income of \$640. He pays \$120 per month for rent. He has a car payment of \$125 per month.

Petr wants to buy new tires for his car. The total cost of the new tires is \$420. If he uses credit to pay for the tires, his minimum monthly payment will be \$40.

If Petr buys the tires, what percentage of his net income, after rent, will he have committed to debt payments?

32%

$$\$640 - \$120 = \$520$$

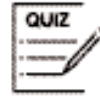
$$\$125 + \$40 = \$165$$

$$\$520 \times 20\% = \$104$$

$$\$520 / \$165 = 32\%$$

name: _____

date: _____



lesson eight quiz: credit cards

true-false

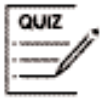
1. _____ A priority credit card is usually accepted by one type of store or company.
2. _____ The average daily balance method of calculating interest is based on the opening balance of the account for the previous month.
3. _____ The annual fee for a credit card is set by the government.
4. _____ APR measures the interest rate charged by a credit card.
5. _____ If someone uses your lost or stolen credit card and you report it immediately, you are usually liable for no more than \$50.

multiple choice

6. _____ A credit card issued through a credit union would be an example of a _____ card.
 - A. bank
 - B. travel and entertainment
 - C. store
 - D. priority
7. _____ The grace period refers to the time:
 - A. taken to process a credit card application.
 - B. for paying an account without an interest charge.
 - C. allowed to notify a creditor of a billing error.
 - D. used for calculating interest.
8. _____ Comparing the APR among several credit cards allows you to obtain the:
 - A. longest grace period.
 - B. lowest annual fee.
 - C. lowest interest rate.
 - D. least expensive method of calculating interest.
9. _____ If a billing error occurs on a credit statement, a consumer has _____ days to notify the creditor.
 - A. 30
 - B. 60
 - C. 90
 - D. 120

case application

Jack uses his credit card for almost all purchases. He charges gas purchases, clothing, food, and other living expenses. What is your opinion of this money management habit?



lesson eight quiz: credit cards answer key

true-false

1. t A priority credit card is usually accepted by one type of store or company.
2. f The average daily balance method of calculating interest is based on the opening balance of the account for the previous month.
3. f The annual fee for a credit card is set by the government.
4. t APR measures the interest rate charged by a credit card.
5. t If someone uses your lost or stolen credit card and you report it immediately, you are usually liable for no more than \$50.

multiple choice

6. A A credit card issued through a credit union would be an example of a _____ card.
 - A. bank
 - B. travel and entertainment
 - C. store
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7. B The grace period refers to the time:
 - A. taken to process a credit card application.
 - B. for paying an account without an interest charge.
 - C. allowed to notify a creditor of a billing error.
 - D. used for calculating interest.
8. C Comparing the APR among several credit cards allows you to obtain the:
 - A. longest grace period.
 - B. lowest annual fee.
 - C. lowest interest rate.
 - D. least expensive method of calculating interest.
9. B If a billing error occurs on a credit statement, a consumer has _____ days to notify the creditor.
 - A. 30
 - B. 60
 - C. 90
 - D. 120

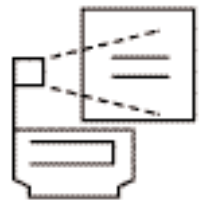
case application

Jack uses his credit card for almost all purchases. He charges gas purchases, clothing, food, and other living expenses. What is your opinion of this money management habit?

If Jack pays off his balances each month, his use of credit cards may be a convenient money management technique that provides complete records of all of his spending. However, if this habit results in overspending and paying more, due to interest, Jack needs to assess his financial activities.

lesson nine

cars and loans



overheads



the cost of owning and operating a car

ownership (fixed) costs:

- Depreciation (based on purchase price)
- Interest on loan (if buying on credit)
- Insurance
- Registration fee, license, taxes, GST
- Service contract (if purchased)

operating (variable) costs:

- Gasoline
- Oil and other fluids
- Tires
- Maintenance and repairs
- Parking and tolls
- Tickets

real cost of operating a car



ownership costs include insurance, finance charges, license, registration, taxes and depreciation

operating costs include gas, oil, tires & maintenance

DIFFERENT VEHICLES — DIFFERENT COSTS

cost	sub-compact	compact	mid-size	mini-van	full-size
per year	\$ 7,000.48	\$ 7,391.83	\$ 8,733.98	\$ 7,876.95	\$10,923.90
per day	\$ 19.18	\$ 20.25	\$ 23.93	\$ 21.58	\$29.93

notes: (1) The above figures are based on a provincial average to account for the fact that it costs more to operate a vehicle in some areas of the country than in others. These include ownership and operating costs.

(2) The operating costs, based on 24,000 km driven annually, approximate 12.9¢/km or 24% of the total costs.

Source: Canadian Automobile Association (Driving Costs - 1999 Edition)



how much can you afford? (the 20-10 guideline)

never borrow more than 20% of your yearly net income

- If you earn \$400 a month after taxes, then your net income in one year is:

$$12 \times \$400 = \$4,800$$

- Calculate 20% of your annual net income to find your safe debt load:

$$\$4,800 \times 20\% = \$960$$

- So, you should never have more than \$960 of debt outstanding.
- Note: Housing debt (i.e., mortgage payments) should not be counted as part of the 20%.

monthly payments shouldn't exceed 10% of your monthly net income

- If your take-home pay is \$400 a month

$$\$400 \times 10\% = \$40$$

- Your total monthly debt payments shouldn't total more than \$40 per month.

consumer decision making



deciding to spend your money:

- Do I really need this item?
- Is it worth the time I spend making the money to buy it?
- Is there a better use for my money right now?

deciding on the right purchase:

- What level of quality do I want (low, medium, or high)?
- What level of quality do I need?
- What types of services and repairs does the dealer offer?
- Should I wait until there is a sale on the type of car I want?
- Should I buy a new or a used car?
- If I buy a used car, should I buy it from a dealer or from a private party?
- Should I choose a car with a well-known name even if it costs more?
- Do I know anyone who owns the type of car I want?
- Are the warranty and the service contracts on the car comparable with warranties and service contracts on similar cars?
- What do consumer magazines say about the type of car I want?



shopping for a used car

before you begin shopping:

- Decide how much you can afford to spend.
- Decide which car models and options interest you.
- Research the reliability of the model of car you want.
- Find out where the nearest repair facility is that works on the type of car you want.
- Find out whether parts are readily available for the type of car you want. Find recent prices in used-car “blue books” in the library, on the Internet, in newspaper ads, consumer magazines, etc.
- Shop for financing.
- Factor in the costs of the loan and the cost of maintenance.
- Know how to read a “Buyer’s Guide” sticker.

as you shop:

- Find out the reputation of the dealer.
- Find out what type of warranty comes with the car.
- Find out what type of service contract comes with the car.



sources of used cars

new-car dealers provide quality used vehicles; service department available; higher prices than other sources

used-car dealers specialize in previously owned vehicles; limited warranty (if any); vehicles may be in poor condition

private parties may be a good buy if vehicle was well maintained; few consumer protection regulations apply to private party sales

other sources such as auctions or sales by government agencies, auto rental companies, and on the Internet; most of these vehicles have been driven many kilometres



shopping for a new car

before you begin shopping:

- Decide which car model and specific options you want.
- Find out the invoice price and the true cost to the dealer of the model and options you want.
- Decide how much you are willing to pay the dealer above the invoice price.
- Make your offer to as many dealers as possible.
- Compare final sales prices with other dealers and buying services.
- Compare financing costs from various sources.
- If you already have a car, find out its value independent of the dealer's trade-in offer.
- Try to sell your old car yourself (dealers usually give better deals without a trade-in).
- Decide whether you need an optional service contract or credit insurance.

warranties



as-is (no warranty):

- No expressed or implied warranty.
- If you buy a car and have problems with it, you must pay for any repairs yourself.
- Some provinces do not permit “as-is” sales on used cars.

implied warranties:

- Warranty of merchantability—a product will do what it is designed to do.
- Warranty of fitness for a particular purpose—a product will do what the seller promises it will do.
- Always in effect unless the product is sold as-is or the seller says in writing that there is no warranty.

dealer warranties:

- Offered and specifically written by the dealer.
- Terms and conditions can vary greatly.
- Useful to compare warranty terms on similar cars or negotiate warranty coverage.

unexpired manufacturer’s warranties:

- Manufacturer’s warranty can sometimes be transferred to the new owner. There may be a fee for the transfer process.



service contracts (also called “extended warranties”)

before deciding to buy a service contract, find out:

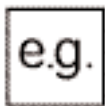
- The cost.
- Which repairs the contract covers.
- Whether the warranty already covers the same repairs.
- Whether the vehicle is likely to need repairs and, if so, the potential cost of repairs.
- Whether there is a deductible and, if so, what it is.
- Whether repairs and service can be performed at locations other than at the dealership.
- Whether the contract covers incidental expenses such as towing.
- Whether there is a cancellation or refund policy and, if so, the cost.
- Whether the dealer or company offering the service is reputable.
- Whether you can purchase the service contract later.

shopping for a car loan



variables include:

- Annual Percentage Rate (APR)
- Length of the loan
- Monthly payments
- Total finance charge
- Total to be repaid



example of how loans can vary:

- Borrowing \$8,000 at different rates

APR	Length of loan	Total monthly payment	Total finance charge	To be repaid
10.00%	36 months	\$258.14	\$1,292.94	\$9,292.94
	60 months	\$169.98	\$2,198.52	\$10,198.52
12.25%	36 months	\$266.67	\$1,600.15	\$9,600.15
	60 months	\$178.97	\$2,738.03	\$10,738.03
13.00%	36 months	\$269.55	\$1,703.87	\$9,703.87
	60 months	\$182.02	\$2,921.58	\$10,921.58



how to calculate the total cost of a loan

to estimate the total cost of a loan:

- Amount of the loan x APR x number of years*

e.g.

- Example:

$$\$10,000 \times 0.10 \times 5 \text{ years} = \$5,000$$

to estimate the amount of monthly payments:

- Total to be paid divided by number of months of the loan*

e.g.

- Example:

$$\$15,000 / 60 = \$250 \text{ per month}$$

*These formulas produce estimates that are slightly higher than your actual costs and payments, because they do not account for the reduction of interest payments as you repay the loan.

the consumer protection act



the consumer protection act requires lender to inform borrower of:

- Amount financed
- What charges are included in amount financed
- Total finance charge, in dollars
- Annual Percentage Rate (APR)
- Payment schedule
- Total amount of payments
- Total sales price
- Pre-payment penalty, if any
- Late payment penalty, if any
- Security interest
- Insurance charges



types of car insurance coverage

Insurance coverage and costs are under Provincial jurisdiction and as such vary greatly from province to province. Car owners are advised to check with the appropriate Provincial government department to determine exactly what kind of coverage is required in their Province.

liability (40–50% of premium)

- Bodily-injury coverage
- Property-damage coverage (i.e., to another person's car)

collision (up to 30% of premium)

- Pays for the physical damage to your car as a result of an accident
- Limited by deductible

comprehensive (about 12% of premium)

- Pays for damage caused by vandalism, hailstorms, floods, theft, etc.

medical

- Covers medical payments for driver and passengers injured in accident

rental reimbursement

- Pays a specific amount per day to rent a car while yours is being fixed

towing and labour

how insurance rates are set



personal characteristics

- Age
- Gender
- Marital status
- Personal habits (i.e., smoking)
- Type and frequency of vehicle use (i.e., commuting)

geographic location (often classified by postal code)

- “Rural” usually lowers rates, “urban” usually raises rates

driving record

- Accident with death, bodily injury, or property damage may trigger a surcharge on premium for 3 years
- Number and kind of moving violations (and total of associated points)
- Number of years insured with the company

vehicle characteristics

- Damage, repair, and theft record of type and model of car
- Age of car



rights of creditor

- Can seize car as soon as you default
- Can't commit a breach of the peace, i.e.; use physical force or threats of force
- Can keep car or resell it
- May not keep or sell any personal property in car (not including improvements such as a stereo or luggage rack)

your rights

- May buy back car by paying the full amount owed on it plus repossession expenses

your legal responsibilities

- Must pay the “deficiency balance”—the amount of debt remaining even after your creditor has sold your car

leasing a car



advantages

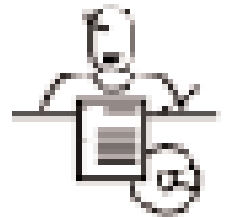
- Smaller initial outlay than down payment when buying on credit
- Monthly lease payments may be less than monthly finance payments
- Lease agreement provides detailed records for business purposes
- Often times, all service charges related to maintenance are included in lease, so there is no additional outlay of money for regular maintenance

disadvantages

- No ownership interest in the vehicle
- Must meet requirements similar to applying for credit
- Additional costs occur (such as for extra kilometres, certain repairs, ending lease early)

lesson nine

cars and loans



student activities

name: _____

date: _____



the operating costs of a car

model year _____

make, size, model _____

fixed costs

Depreciation: Purchase price \$ _____ divided by estimated life _____ years	\$
Annual interest on car loan (if applicable)	\$
Annual insurance costs	\$
License, registration, taxes	\$

variable costs

Gasoline: estimated kilometres per year _____ divided by _____ km/litre times the average price of \$ _____ per litre	\$
Oil changes for the year	\$
Tires	\$
Maintenance, repairs	\$
Parking and tolls	\$

total costs \$

divided by kilometres per year

equals

cost per kilometre \$

part 2...

Based on business visits, phone calls, advertisements, and the Internet, obtain information for the cost of **(a)** an oil change, **(b)** a tune-up, **(c)** new brakes, **(d)** tires.

name: _____

date: _____



shopping for a car loan

Amount of Loan \$ _____

Financial institution					
APR					
Length of loan					
Monthly payment					
Total finance charge					
Total to be repaid					



directions

Pretend that you have decided to purchase a new car. Select the model you would like and find out what it costs. Then, shop around for the best car loan terms. Try several different institutions, such as a bank, a credit union, and a private moneylender.

When you have finished, look at your chart. Which loan would you take? What features make it more appealing than the others? Which institutions offered the best rates, and why do you think they did so?

name: _____

date: _____



shopping for insurance

minimum coverage required by province

Company 1 _____	Company 2 _____
Agent _____	Agent _____
Address _____	Address _____
Phone _____	Phone _____

	Amount of Coverage	Premiums for Company 1	Premiums for Company 2
Bodily injury liability			
Property damage			
Personal injury protection (no-fault insurance prov.)			
Other			

coverage you desire

	Amount of Coverage	Premiums for Company 1	Premiums for Company 2
Bodily injury liability			
Medical			
Property damage			
Personal injury protection (no-fault insurance prov.)			
Collision— \$250 deductible			
Collision— \$500 deductible			
Towing and labour			
Other			

which company best suits your needs?

name: _____

date: _____



how much would you spend?

scenario 1

Manuel wants to buy a car. But before he goes shopping, he wants to know exactly how much he can afford to spend each month on owning, operating, and maintaining a car.

Manuel's net monthly income is \$1,280. His fixed expenses are:

- \$350 for rent

His flexible monthly expenses are:

- \$75 for savings
- \$25 for utilities
- \$185 for food
- \$35 for transportation (bus fare)
- \$150 for tuition and books
- \$40 for entertainment
- \$20 for personal items
- \$29 for household items

If Manuel gets a car, he expects to spend about \$40 a month on gas and oil, and about \$20 on parking and bridge tolls.

Manuel needs to have car insurance. He has shopped around and expects that a car insurance premium for the type and year of car he wants will cost about \$225 a month.



directions

Use the attached budget sheet to complete the following chart and answer the following questions.

how much would you spend? (continued)

car for \$6,000 (Amount of loan: \$6,000)

APR:	10%
Length of Loan:	60 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	12%
Length of Loan:	60 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	14%
Length of Loan:	60 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	16%
Length of Loan:	60 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

car for \$8,000 (Amount of loan: \$8,000)

APR:	10%
Length of Loan:	60 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	12%
Length of Loan:	60 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	14%
Length of Loan:	60 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	16%
Length of Loan:	60 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

how much would you spend? (continued)

car for \$10,000 (Amount of loan: \$10,000)

APR:	10%	APR:	12%
Length of Loan:	60 months	Length of Loan:	60 months
Total Cost of Loan:		Total Cost of Loan:	
Monthly Payment:		Monthly Payment:	
Total Finance Charge:		Total Finance Charge:	
<hr/>			
APR:	14%	APR:	16%
Length of Loan:	60 months	Length of Loan:	60 months
Total Cost of Loan:		Total Cost of Loan:	
Monthly Payment:		Monthly Payment:	
Total Finance Charge:		Total Finance Charge:	

1. Which car can Manuel afford? _____

2. What are the terms of the loan that would allow Manuel to buy a car and still stay within his budget? _____

3. Using the column “How You’d Do It” on Manuel’s budget worksheet, figure how you would set up a budget if you had Manuel’s income and expenses. _____

4. What were the main differences between the budget you set up using Manuel’s income and expenses and the budget that was provided? _____

how much would you spend? (continued)

manuel's budget

income	scenario	how you'd do it	difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
Total Income	\$	\$	\$

fixed expenses

Savings	\$	\$	\$
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Instalment payments			
Car loan payment	\$	\$	\$
Credit card 1	\$	\$	\$
Credit card 2	\$	\$	\$
Total instalment debt	\$	\$	\$
Percentage of net income	\$	\$	\$

flexible expenses

Food/Eating out	\$	\$	\$
Utilities	\$	\$	\$
Transportation	\$	\$	\$
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Tuition/School expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items (toothpaste, etc.)	\$	\$	\$
Other			
Total Monthly Expenses	\$	\$	\$

total income - total expenses \$ \$ \$

name: _____

date: _____



how much would you spend? (continued)

scenario 2

Rose is thinking about buying a car. She has \$1,000 saved for a down payment. Before she goes shopping, she wants to know how much she can afford to spend each month on a car.

Rose brings home \$626 each month from her first job, and \$674 from her second job. Her fixed expenses include:

- \$250 for rent
- \$74 for a credit payment on some furniture she bought several months ago

Her flexible monthly expenses are:

- \$100 for savings
- \$20 for telephone
- \$175 for food
- \$45 for transportation (bus fare)
- \$70 for tuition
- \$20 for school supplies
- \$40 for clothing
- \$40 for entertainment
- \$20 for household supplies
- \$29 for personal items

If Rose gets a car, she expects to spend about \$60 a month on gas and oil, and about \$30 on parking and bridge tolls.

If Rose gets a car, she will need car insurance. She has done some research, and she expects her car insurance premium to be about \$175 a month.



directions

Using the attached budget sheet and the computer-based activity “Comparing the True Cost of Loans,” complete the following chart. Then, answer the questions that follow.

how much would you spend? (continued)

car for \$4,000 (Amount of loan: \$3,000)

APR:	10%
Length of Loan:	36 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	12%
Length of Loan:	36 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	14%
Length of Loan:	36 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	16%
Length of Loan:	36 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

car for \$6,000 (Amount of loan: \$5,000)

APR:	10%
Length of Loan:	36 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	12%
Length of Loan:	36 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	14%
Length of Loan:	36 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	16%
Length of Loan:	36 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

how much would you spend? (continued)

car for \$8,000 (Amount of loan: \$7,000)

APR:	10%
Length of Loan:	36 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	12%
Length of Loan:	36 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	14%
Length of Loan:	36 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

APR:	16%
Length of Loan:	36 months
Total Cost of Loan:	
Monthly Payment:	
Total Finance Charge:	

5. Which car can Rose afford? _____

6. What are the terms of the loan that would allow Rose to buy a car and still stay within her budget? _____

7. Using the column “How You’d Do It” on Rose’s budget worksheet, figure how you would set up a budget if you had Rose’s income and expenses. _____

8. What were the main differences between the budget you set up using Rose’s income and expenses, and the budget that was provided? _____

how much would you spend? (continued)

rose's budget

income	scenario	how you'd do it	difference
Job #1	\$	\$	\$
Job #2	\$	\$	\$
Other	\$	\$	\$
Total Income	\$	\$	\$

fixed expenses

Savings	\$	\$	\$
Rent	\$	\$	\$
Car insurance	\$	\$	\$
Instalment payments			
Car loan payment	\$	\$	\$
Credit card 1	\$	\$	\$
Credit card 2	\$	\$	\$
Total instalment debt	\$	\$	\$
Percentage of net income	\$	\$	\$

flexible expenses

Food/Eating out	\$	\$	\$
Utilities	\$	\$	\$
Transportation	\$	\$	\$
Bus fare	\$	\$	\$
Gas and oil	\$	\$	\$
Parking and tolls	\$	\$	\$
Repairs	\$	\$	\$
Tuition/School expenses	\$	\$	\$
Clothing	\$	\$	\$
Entertainment	\$	\$	\$
Household items	\$	\$	\$
Personal items (toothpaste, etc.)	\$	\$	\$
Other			
Total Monthly Expenses	\$	\$	\$

total income - total expenses \$ \$ \$



how much would you spend? answer key

scenario 1

Manuel wants to buy a car. But before he goes shopping, he wants to know exactly how much he can afford to spend each month on owning, operating, and maintaining a car.

Manuel's net monthly income is \$1,280. His fixed expenses are:

- \$350 for rent

His flexible monthly expenses are:

- \$75 for savings
- \$25 for utilities
- \$185 for food
- \$35 for transportation (bus fare)
- \$150 for tuition and books
- \$40 for entertainment
- \$20 for personal items
- \$29 for household items

If Manuel gets a car, he expects to spend about \$40 a month on gas and oil, and about \$20 on parking and bridge tolls.

Manuel needs to have car insurance. He has shopped around and expects that a car insurance premium for the type and year of car he wants will cost about \$225 a month.



directions

Use the attached budget sheet to complete the following chart and answer the questions that follow.

how much would you spend? answer key

car for \$6,000 (Amount of loan: \$6,000)

APR:	10%
Length of Loan:	60 months
Total Cost of Loan:	\$7,648.98
Monthly Payment:	\$127.48
Total Finance Charge:	\$1,648.98

APR:	12%
Length of Loan:	60 months
Total Cost of Loan:	\$8,007.93
Monthly Payment:	\$133.47
Total Finance Charge:	\$2,007.93

APR:	14%
Length of Loan:	60 months
Total Cost of Loan:	\$8,376.56
Monthly Payment:	\$139.61
Total Finance Charge:	\$2,376.56

APR:	16%
Length of Loan:	60 months
Total Cost of Loan:	\$8,754.45
Monthly Payment:	\$145.91
Total Finance Charge:	\$2,754.45

car for \$8,000 (Amount of loan: \$8,000)

APR:	10%
Length of Loan:	60 months
Total Cost of Loan:	\$10,198.52
Monthly Payment:	\$169.98
Total Finance Charge:	\$2,198.52

APR:	12%
Length of Loan:	60 months
Total Cost of Loan:	\$10,677.24
Monthly Payment:	\$177.96
Total Finance Charge:	\$2,677.24

APR:	14%
Length of Loan:	60 months
Total Cost of Loan:	\$11,168.66
Monthly Payment:	\$186.15
Total Finance Charge:	\$3,168.66

APR:	16%
Length of Loan:	60 months
Total Cost of Loan:	\$11,672.81
Monthly Payment:	\$194.54
Total Finance Charge:	\$3,672.81

how much would you spend? answer key

car for \$10,000 (Amount of loan: \$10,000)

APR:	10%	APR:	12%
Length of Loan:	60 months	Length of Loan:	60 months
Total Cost of Loan:	\$12,748.23	Total Cost of Loan:	\$13,346.73
Monthly Payment:	\$212.47	Monthly Payment:	\$222.44
Total Finance Charge:	\$2,748.23	Total Finance Charge:	\$3,346.73
<hr/>			
APR:	14%	APR:	16%
Length of Loan:	60 months	Length of Loan:	60 months
Total Cost of Loan:	\$13,961.02	Total Cost of Loan:	\$14,590.85
Monthly Payment:	\$232.68	Monthly Payment:	\$243.18
Total Finance Charge:	\$3,961.02	Total Finance Charge:	\$4,590.85

1. Which car can Manuel afford?
The car for \$6,000
2. What are the terms of the loan that would allow Manuel to buy a car and still stay within his budget?
A 60-month loan with an APR of 10%
3. Using the column “How You’d Do It” on Manuel’s budget worksheet, figure how you would set up a budget if you had Manuel’s income and expenses.
4. What were the main differences between the budget you set up using Manuel’s income and expenses and the budget that was provided?

how much would you spend? answer key

scenario 2

Rose is thinking about buying a car. She has \$1,000 saved for a down payment. Before she goes shopping, she wants to know how much she can afford to spend each month on a car.

Rose brings home \$626 each month from her first job, and \$674 from her second job. Her fixed expenses include:

- \$250 for rent
- \$74 for a credit payment on some furniture she bought several months ago

Her flexible monthly expenses are:

- \$100 for savings
- \$20 for telephone
- \$175 for food
- \$45 for transportation (bus fare)
- \$70 for tuition
- \$20 for school supplies
- \$40 for clothing
- \$40 for entertainment
- \$20 for household supplies
- \$29 for personal items

If Rose gets a car, she expects to spend about \$60 a month on gas and oil, and about \$30 on parking and bridge tolls.

If Rose gets a car, she will need car insurance. She has done some research, and she expects her car insurance premium to be about \$175 a month.



directions

Using the attached budget sheet and the computer-based activity “Comparing the True Cost of Loans,” complete the following chart. Then, answer the questions that follow.

how much would you spend? answer key

car for \$4,000 (Amount of loan: \$3,000)

APR:	10%
Length of Loan:	36 months
Total Cost of Loan:	\$3,484.87
Monthly Payment:	\$96.08
Total Finance Charge:	\$484.87

APR:	12%
Length of Loan:	36 months
Total Cost of Loan:	\$3,587.17
Monthly Payment:	\$99.64
Total Finance Charge:	\$587.17

APR:	14%
Length of Loan:	36 months
Total Cost of Loan:	\$3,691.21
Monthly Payment:	\$102.53
Total Finance Charge:	\$691.21

APR:	16%
Length of Loan:	36 months
Total Cost of Loan:	\$3,796.97
Monthly Payment:	\$105.47
Total Finance Charge:	\$796.97

car for \$6,000 (Amount of loan: \$5,000)

APR:	10%
Length of Loan:	36 months
Total Cost of Loan:	\$5,808.07
Monthly Payment:	\$161.34
Total Finance Charge:	\$808.07

APR:	12%
Length of Loan:	36 months
Total Cost of Loan:	\$5,978.59
Monthly Payment:	\$166.07
Total Finance Charge:	\$978.59

APR:	14%
Length of Loan:	36 months
Total Cost of Loan:	\$6,151.96
Monthly Payment:	\$170.89
Total Finance Charge:	\$1,151.96

APR:	16%
Length of Loan:	36 months
Total Cost of Loan:	\$6,328.22
Monthly Payment:	\$175.79
Total Finance Charge:	\$1,328.22

how much would you spend? answer key

car for \$8,000 (Amount of loan: \$7,000)

APR:	10%
Length of Loan:	36 months
Total Cost of Loan:	\$8,131.33
Monthly Payment:	\$225.87
Total Finance Charge:	\$1,131.33

APR:	12%
Length of Loan:	36 months
Total Cost of Loan:	\$8,370.01
Monthly Payment:	\$232.50
Total Finance Charge:	\$1,370.01

APR:	14%
Length of Loan:	36 months
Total Cost of Loan:	\$8,612.79
Monthly Payment:	\$239.24
Total Finance Charge:	\$1,612.79

APR:	16%
Length of Loan:	36 months
Total Cost of Loan:	\$8,859.56
Monthly Payment:	\$246.10
Total Finance Charge:	\$1,859.56

5. Which car can Rose afford?

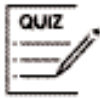
The car for \$6,000

6. What are the terms of the loan that would allow Rose to buy a car and still stay within her budget?

A 36-month loan with an APR up to 16%

7. Using the column “How You’d Do It” on Rose’s budget worksheet, figure how you would set up a budget if you had Rose’s income and expenses.

8. What were the main differences between the budget you set up using Rose’s income and expenses, and the budget that was provided?



lesson nine quiz: cars and loans

true-false

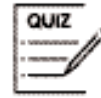
1. _____ Most used cars sold by private parties have a one-year warranty.
2. _____ A service contract is designed to avoid costly repairs as a motor vehicle gets older.
3. _____ The consumer protection law requires that a borrower be informed of the total finance charge.
4. _____ Bodily-injury liability covers the damage to another person's car for which you were at fault.
5. _____ Collision insurance covers damage caused to a motor vehicle by vandalism or floods.

multiple choice

6. _____ The most reliable source for buying a used car is usually:
 - A. a rental car company.
 - B. a police auction.
 - C. a car dealer.
 - D. private party sales.
7. _____ _____ warranty refers to the fact that a product will do what it is designed to do.
 - A. An extended
 - B. An implied
 - C. A dealer
 - D. An unexpired manufacturer's
8. _____ The consumer protection law requires that borrowers be informed of the:
 - A. amount financed.
 - B. cost of auto insurance.
 - C. features of an extended warranty.
 - D. reasons a person has been denied credit.
9. _____ The auto insurance coverage for damage to your vehicle as a result of an accident is called:
 - A. property damage.
 - B. comprehensive.
 - C. liability.
 - D. collision.
10. _____ Doctor costs for injuries to others resulting from an accident are covered by _____ liability.
 - A. medical
 - B. collision
 - C. bodily injury
 - D. comprehensive

case application

Celine drives a seven-year-old car that recently needed \$1,300 in repairs. Each day, she drives 46 kilometres to and from her job. What actions should she take to decide if she should (1) keep this car, (2) buy a newer used car, or (3) buy a new car?



lesson nine quiz: cars and loans answer key

true-false

1. f Most used cars sold by private parties have a one-year warranty.
2. t A service contract is designed to avoid costly repairs as a motor vehicle gets older.
3. t The consumer protection law requires that a borrower be informed of the total finance charge.
4. f Bodily-injury liability covers the damage to another person's car for which you were at fault.
5. f Collision insurance covers damage caused to a motor vehicle by vandalism or floods.

multiple choice

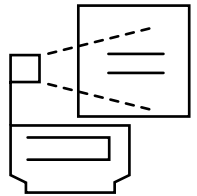
6. C The most reliable source for buying a used car is usually:
A. a rental car company.
B. a police auction.
C. a car dealer.
D. private party sales.
7. B _____ warranty refers to the fact that a product will do what it is designed to do.
A. An extended
B. An implied
C. A dealer
D. An unexpired manufacturer's
8. A The consumer protection law requires that borrowers be informed of the:
A. amount financed.
B. cost of auto insurance.
C. features of an extended warranty.
D. reasons a person has been denied credit.
9. D The auto insurance coverage for damage to your vehicle as a result of an accident is called:
A. property damage.
B. comprehensive.
C. liability.
D. collision.
10. C Doctor costs for injuries to others resulting from an accident are covered by _____ liability.
A. medical
B. collision
C. bodily injury
D. comprehensive

case application

Celine drives a seven-year-old car that recently needed \$1,300 in repairs. Each day, she drives 46 kilometres to and from her job. What actions should she take to decide if she should (1) keep this car, (2) buy a newer used car, or (3) buy a new car? *Many factors go into this decision. First, Celine must consider her financial situation. Based on a realistic budget, what amount can she afford to spend for buying a different vehicle? Next, will her current car (after the recent repairs) give her reliable transportation? In addition, how do the expected operating costs of the various vehicles compare?*

lesson ten

the influence of advertising



overheads



commonly used advertising techniques

information

- Presentation of simple, direct information.

status

- Associates product use with those who have status, who are successful, and who enjoy and understand the “finer things in life.”

peer approval

- Associates product use with friendship/acceptance.

celebrity endorsement

- Associates use of product with a well-known person.

sexual attraction

- Associates use of product with increased sexual appeal.

entertainment

- Associates product with entertainment and feelings of enjoyment.

intelligence

- Associates product with smart people who can't be fooled by gimmicks.

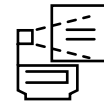
independence

- Associates product with people who can think and act for themselves.

unfinished comparison

- Use of phrases such as, “Works better in poor driving conditions!” Works better than what?

sales techniques



Some commonly used approaches:

guarantees

- Abundant use of statements such as “lifetime guarantee” and “satisfaction guaranteed, or your money back.” All promises should be given in writing.

scarcity

- Merchant creates a false sense of urgency by claiming that supply or time is limited.

perceptual contrast

- Merchant presents undesirable/inferior option first to make the second option look far superior.

scientific or numerical claims

- “Nine-out-of-ten” may sound good, but many such claims can prove impossible to substantiate.

negative option

- Merchandise arrives automatically unless the consumer takes steps to stop shipment and billing.
- Often used by book and record clubs.



Techniques considered deceptive and/or misleading:

bait and switch

- Advertisement entices consumers into the store with bargains that are too good to be true. Once consumers are in the store, they are told the item is unavailable and are shown a similar, but more expensive, item.
- Often high-pressure sales tactics are used.
- Illegal in Canada.

exploitation of fears and misgivings

- Ad feeds or plays on consumers' fears.

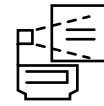
specials

- Advertisement of products that are not in stock or that are not readily available to consumers at the advertised price.

out-of-context quotations

- Comments by a noted person or passages from a story taken out of context to imply an endorsement of a product or service.

examples of misleading advertising



Frequently seen misleading advertisements:

“get rich quick” schemes

- Ads that offer an opportunity to earn a lot of money in a short amount of time with very little effort.
- Preys on desire to achieve financial success.

health fraud

- Promises of overnight medical cures and treatments.
- Products developed after “years of research” and “proven to provide immediate positive results.”
- Testimonials from medical experts and satisfied customers.
- Preys on consumers’ vanity and fears.

credit repair

- Offers, for a fee, to fix a bad credit record. (Credit repair is impossible!)

product misrepresentation

- Uses names similar to nationally recognized brand.
- Merchandise offered at below-market value for a limited time only.
- Vague descriptions of product.

travel fraud

- Offers accompanied by certificates for free or very low-cost travel.
- Vague description of services and accommodations.



program-length commercials (infomercials)

how to spot program-length commercials

- “Commercials” similar to the program content.
- Sponsor identified at beginning or end.
- One product is proclaimed superior.

protect yourself if you want to order the item

- Use a credit card.
- The Collection Agencies Act will offer you some protection if you have problems with the bill or the quality of the product.

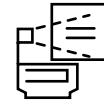
actions to avoid

- Giving your bank account number over the phone.

remember

- Product claims are made by the advertiser.
- Such claims represent neither an objective nor an independent evaluation of the product.

rules for evaluating advertisements



ask yourself basic questions

- Does the ad appeal to your emotions?
- Look beyond the appeal to find out what the ad really says (or doesn't say) about the product or service.
- What are the special features of the product?
- Are these features necessary?

as you read, listen to, or watch advertisements...

- Search for fraud and deception in the ad.
- Be alert to ads that are misleading (those that make unreasonable claims about the product or service).
- Read the fine print, or listen carefully.

lesson ten

the influence of advertising



student activities

name: _____

date: _____



what appeals to you? what doesn't?



directions

Collect examples of ads you like and dislike. Also pay attention to TV commercials. If your classroom has a VCR and you have a VCR, videotape commercials and bring the tapes to class. Pay particular attention to facts versus unsupported claims in ads.

When you're done collecting ads, answer the questions below.

1. What do you like about the ads you've collected?

2. What do you dislike about the ads you've collected?

3. What do you like about the TV commercials you've seen?

4. What do you dislike about the TV commercials you've seen?

name: _____

date: _____

examples of fraudulent or misleading advertisements



directions

Bring to class print ads you think are fraudulent or misleading. Tape up the ads around the classroom.

1. Describe your example of a fraudulent or misleading ad.

2. List the fraudulent or misleading techniques and appeals used in your favorite ad.

3. List the fraudulent or misleading techniques and appeals used in your least favorite ad.

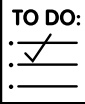
4. What actions could consumers take to avoid these deceptions?

name: _____

date: _____



what makes you like an ad or commercial?



After you've talked about various advertising appeals and techniques, answer the following questions for your favourite ad and your favourite TV commercial.

1. Describe your favourite ad.

2. What advertising techniques and appeals are used in your favourite ad?

3. Describe your favourite TV commercial.

4. What advertising techniques and appeals are used in your favourite TV commercial?

name: _____

date: _____

what makes you dislike an ad or commercial?



TO DO: After you've talked about various advertising appeals and techniques, answer the following questions for your least favourite ad and your least favourite TV commercial.

1. Describe your least favourite ad.

2. What advertising techniques and appeals are used in your least favourite ad?

3. Describe your least favourite TV commercial.

4. What advertising techniques and appeals are used in your least favourite TV commercial?

name: _____

date: _____



try it—make a commercial



directions

Divide into groups. Each group is responsible for researching a product or a service.

Prepare a commercial for the product or service your group has been assigned or has chosen. When preparing your commercial, be sure to use some of the techniques and appeals discussed in class.

Each group will present its commercial to the class. At the end of your presentation, be prepared to answer the following questions.

1. To whom are you trying to sell your product or service?

2. What specific techniques and/or appeals did you use to try to sell your product?

3. Were any of the techniques or appeals you used fraudulent or misleading?

name: _____

date: _____



test your advertising knowledge

In the space provided, write the letter of the advertising technique or appeal the statement represents.

- | | |
|------------------------------------|------------------------------|
| a) Join the gang | h) Negative option |
| b) Celebrity endorsement | i) Credit repair |
| c) Dangling comparatives | j) Numerical claims |
| d) Independence | k) Guarantees |
| e) Get rich quick | l) Bargain appeals |
| f) Exploiting fears and misgivings | m) Scientific claims |
| g) Sexual appeal | n) Catch phrases and slogans |

- _____ Return this card today and begin receiving three CDs every month. If, at any time, you decide you don't want a CD, just return it within ten days.
- _____ If you're the type of person who can think and act for herself, drive one of our cars and you'll be convinced you can't buy a smoother ride.
- _____ We promise your new battery will last a lifetime, or your money back.
- _____ This detergent works better on grease and stains.
- _____ Three out of four dentists recommend this toothpaste.
- _____ Everyone else is using this product. Why aren't you?
- _____ At this price for a limited time only! So buy now, because you won't see a value like this again.
- _____ After years of research by leading physicians, we've formulated a pill that, taken one hour before each meal, allows you to eat anything you want without gaining weight.
- _____ You find yourself unconsciously singing the tune to the commercial.
- _____ If Mr./Ms. Famous Athlete wears this type of underwear, shouldn't you?
- _____ Just one spray of our cologne, and you'll never have to spend another Saturday alone!
- _____ Work in your home, part-time, and earn up to \$10,000 per week.
- _____ No matter how bad your credit is, for one small fee, we can help you get that car or van you've always wanted.
- _____ Our complete-at-home course, which comes with a supplemental videotape and a workbook, is designed to increase your chances of getting better grades regardless of the subject.

test your advertising knowledge (continued)

Answer each of the following questions in the space provided.

15. Explain and give an example of the “bait and switch” advertising technique.

16. Explain and give an example of the “supermarket special” advertising technique.

17. Explain and give an example of an advertisement that uses “scientific claims.”

18. Explain and give an example of an advertisement that uses “bargain appeals.”

19. List three ways to spot program-length commercials.

20. List two things you can do to protect yourself if you buy something from a program-length commercial.

test your advertising knowledge answer key



In the space provided, write the letter of the advertising technique or appeal the statement represents.

- | | |
|------------------------------------|------------------------------|
| a) Join the gang | h) Negative option |
| b) Celebrity endorsement | i) Credit repair |
| c) Dangling comparatives | j) Numerical claims |
| d) Independence | k) Guarantees |
| e) Get rich quick | l) Bargain appeals |
| f) Exploiting fears and misgivings | m) Scientific claims |
| g) Sexual appeal | n) Catch phrases and slogans |

- h Return this card today and begin receiving three CDs every month. If, at any time, you decide you don't want a CD, just return it within ten days.
- d If you're the type of person who can think and act for herself, drive one of our cars and you'll be convinced you can't buy a smoother ride.
- k We promise your new battery will last a lifetime, or your money back.
- c This detergent works better on grease and stains.
- j Three out of four dentists recommend this toothpaste.
- a Everyone else is using this product. Why aren't you?
- l At this price for a limited time only! So buy now, because you won't see a value like this again.
- m After years of research by leading physicians, we've formulated a pill that, taken one hour before each meal, allows you to eat anything you want without gaining weight.
- n (You find yourself unconsciously singing the tune to the commercial.)
- b If Mr./Ms. Famous Athlete wears this type of underwear, shouldn't you?
- g Just one spray of our cologne, and you'll never have to spend another Saturday alone!
- e Work in your home, part-time, and earn up to \$10,000 per week.
- i No matter how bad your credit is, for one small fee, we can help you get that car or van you've always wanted.
- f Our complete-at-home course, which comes with a supplemental videotape and a workbook, is designed to increase your chances of getting better grades regardless of the subject.

test your advertising knowledge answer key

Answer each of the following questions in the space provided.

15. Explain and give an example of the “bait and switch” advertising technique.

Designed to get you into the store by advertising a bargain. Once you're in the store, you're told the item is unavailable. Then you're shown a similar item of higher quality that costs more.

16. Explain and give an example of the “supermarket special” advertising technique.

Advertisement of products that aren't in stock, or aren't readily available to consumers at the advertised price.

17. Explain and give an example of an advertisement that uses “scientific claims.”

Claims of “scientific proof” that are made without the substantiation required by law.

18. Explain and give an example of an advertisement that uses “bargain appeals.”

Plays on human tendency to want a bargain. Lots of so-called “bargains” aren't really bargains at all.

19. List three ways to spot program-length commercials.

Look for commercials that are similar to the program content.

Check for sponsor identification.

Be wary of programs where one product is represented as “better” than others.

20. List two things you can do to protect yourself if you buy something from a program-length commercial.

Use a credit card to pay for the item.

Order or pay by mail.

lesson ten quiz: the influence of advertising



true-false

1. _____ An “unfinished comparison” in an advertisement provides consumers with incomplete information.
2. _____ Out-of-stock advertised specials are considered to be an unethical technique.
3. _____ Credit repair service advertisements may be misleading due to the promises made to consumers in credit trouble.
4. _____ An infomercial is a type of bait and switch.
5. _____ Comments from buyers of a product in a commercial usually provide useful information.

multiple choice

6. _____ Advertisements using a well-known person are examples of the _____ advertising technique.
 - A. peer approval
 - B. unfinished comparison
 - C. status
 - D. endorsement
7. _____ Books, tapes, and music CDs are commonly sold using:
 - A. a perceptual contrast.
 - B. numerical claims.
 - C. unfinished comparisons.
 - D. a negative option.
8. _____ _____ would be an example of an unethical action.
 - A. An infomercial
 - B. An out-of-context quote
 - C. An offer to work at home
 - D. Comparison pricing in an advertisement
9. _____ A program-length commercial is commonly called:
 - A. bait and switch.
 - B. a perceptual contrast.
 - C. an infomercial.
 - D. an action guarantee.
10. _____ The most useful information in an advertisement would be:
 - A. the price.
 - B. comments from product users.
 - C. a list of product accessories.
 - D. an endorsement from a well-known person.

case application

Recent television programs and commercials have provided information on a new method of cooking to save money, reduce fat, and improve the flavour. This cooking equipment seems to be quite good. What actions should a person take before spending money on this type of product?



lesson ten quiz: the influence of advertising answer key

true-false

1. t An “unfinished comparison” in an advertisement provides consumers with incomplete information.
2. t Out-of-stock advertised specials are considered to be an unethical technique.
3. t Credit repair service advertisements may be misleading due to the promises made to consumers in credit trouble.
4. f An infomercial is a type of bait and switch.
5. f Comments from buyers of a product in a commercial usually provide useful information.

multiple choice

6. D Advertisements using a well-known person are examples of the _____ advertising technique.
A. peer approval
B. unfinished comparison
C. status
D. endorsement
7. D Books, tapes, and music CDs are commonly sold using:
A. a perceptual contrast.
B. numerical claims.
C. unfinished comparisons.
D. a negative option.
8. B _____ would be an example of an unethical action.
A. An infomercial
B. An out-of-context quote
C. An offer to work at home
D. Comparison pricing in an advertisement
9. C A program-length commercial is commonly called:
A. bait and switch.
B. a perceptual contrast.
C. an infomercial.
D. an action guarantee.
10. A The most useful information in an advertisement would be:
A. the price.
B. comments from product users.
C. a list of product accessories.
D. an endorsement from a well-known person.

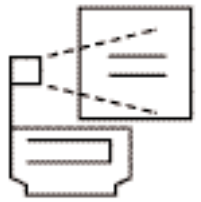
case application

Recent television programs and commercials have provided information on a new method of cooking to save money, reduce fat, and improve the flavour. This cooking equipment seems to be quite good. What actions should a person take before spending money on this type of product?

Before making such a purchase, several types of research should be conducted. Contact local or provincial consumer agencies to determine if there are complaints against the company. Talk to others who have purchased this item or similar products. Conduct library research or an Internet search to gather additional information.

lesson eleven

consumer awareness



overheads



deciding to spend your money

- Do I really need this item?
- Is it worth the time I spend making the money to pay for it?
- Is there a better use for my money right now?

deciding on the type of item

- What level of quality do I want (low, medium, or high)?
- What level of quality do I need (low, medium, or high)?
- How much can I afford?
- Should I wait until there is a sale on the item I want?
- Should I choose an item with a well-known name, even if it costs more?
- Do I know anyone who already owns this type of item?
- Is there a warranty and/or service contract on the item? If so, is it comparable to warranties and service contracts on similar items?
- What do consumer magazines say about the type of item I am thinking about buying?

comparative shopping chart 1



electronic entertainment device or home appliance

	1	2	3
Store			
Brand name			
Price			
Your budget limit			
Basic features			
Special features			
Warranty			
Store return policy			
Refund policy			
Exchange policy			
Other			



comparative shopping chart 2

item of clothing

	1	2	3
Store			
Brand name			
Price			
Your budget limit			
Where to be worn			
Characteristics			
Quality			
Durability			
Needs alterations?			
Comfortable?			
Care requirements			
Store return policy			
Refund policy			
Exchange policy			

the real cost of a garment



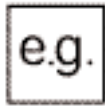
an example:

	Linen	Cotton/Poly	Silk
A. Initial Cost	\$110	\$85	\$170
B. Care	\$5.00/cleaning x 7 times=\$35 Iron each time	\$.30/wash x 22 times = \$6.60	\$6.00/cleaning x 6 times = \$36.00
C. Life Cycle Cost (A+B)	\$110 +\$35 \$145	\$85.00 +6.60 \$91.60	\$170 +\$36 \$206
D. When Worn	Spring and Summer	All year	Dressy/ Day/Evening
E. Times Worn/Yr.	36	108	18
F. Cost/Wear	\$145/36= \$4.03	\$91.60/108= \$.85	\$206/18= \$11.44



clubs don't always save you money

- Sometimes require a large initiation fee.



For example: a \$300 membership fee for a club that gives you a 10% discount on purchases would mean you would have to spend \$3,000 to save enough to just cover the cost of your membership fee.

- May need to make a large number of purchases before you begin to save money.
- May have to make purchases in larger quantities than you really need.
- Often can get goods for same price through discount stores and catalogue showrooms (which don't require an initiation fee).

how to know whether you're getting a deal

- Comparison shop!

watch out for

- Clubs that won't let you see their prices, catalogue, or showroom until after you join.
- Clubs that use high-pressure sales techniques.

shopping by phone, mail, or online



the consumer reporting act

- Sets up a procedure for the quick correction of mistakes that appear on consumer credit accounts.
- Applies to any item bought and paid for with a credit card (including items bought by phone or by mail).

precautions

- Investigate the reputation of the company.
- Ask about the company's refund and return policy.
- Ask about the availability of the product.
- Know the total cost of your order.
- When ordering by phone, send the payment in by mail
- When shopping online, use a secure browser, shop with companies that you know, keep your password private, pay by credit card, and keep a record of your transactions.



layaway purchase plans

before you buy on layaway, know

- Terms of the layaway plan.
- Store's refund policy.
- Location, availability, and identification of layaway merchandise.
- Store's reputation.

once you begin a layaway plan

- Keep good records of your payments.

the cooling-off period



what it is

- If you buy an item in your home or at a location that is not the seller's regular place of business, you have two to ten business days (varies from province to province) to cancel purchases of \$50 or more.
- Seller must inform you of your cancellation rights at the time of sale.
- Only a letter is considered a legal request for cancellation. The letter must be personally delivered or sent by registered mail.

some exceptions include

- Sales under \$50.
- Sales made entirely by mail or telephone.
- Sales made as a result of prior negotiation at seller's permanent place of business.
- Emergency home repairs when you waive your right to cancel.
- Real estate, insurance, or securities.
- Automobiles, vans, trucks, or other motor vehicles sold at temporary locations, provided the seller has at least one permanent place of business.
- Arts or crafts sold at fairs or locations such as shopping malls, community centres, and schools.



warning signs:

- High-pressure sales techniques.
- Insistence on an immediate action.
- Offers that sound too good to be true.
- A request for your credit card number for any purpose other than to make a purchase.
- An offer to get your money quickly (i.e., pay for overnight mail, send someone to your home or office to pick it up).
- A statement that a product or service is free, followed by a request that you pay for something.
- Claims of an investment that is “without risk.”
- Inability or refusal to provide written information or references about the company, product, service, or investment.
- Suggestions that you should make purchase or investment based on “trust.”

telemarketing fraud (continued)



how to avoid being a victim

- Don't be pushed into a decision.
- Request written information about organization and product or investment.
- Don't buy anything on terms you don't fully understand.
- Request the name of the government agency by/with whom the firm is regulated or registered.
- Investigate the company or organization.
- Find out about refund, return, and cancellation policies.
- Don't believe testimonials you can't verify.
- Don't provide any personal financial information.
- If you must, hang up!



common (and not-so-common) frauds

foreign scams may involve a letter or phone call about a foreign investment that it is “too good to be true.”

telemarketing scams commonly include sweepstakes, prize offers, travel packages, investments, charities, work-at-home schemes, magazine sales, lotteries, and business opportunities.

advance-fee loans fraudulent loan brokers misrepresent the availability of credit with a guarantee to get you credit—but you must pay before you apply.

credit repair an appeal to clean up the credit report of consumers with poor credit histories.

automatic debit scams fraudulent telemarketers use this technique to improperly take money from a chequing account. **DO NOT** give out chequing account information over the phone unless you are familiar with the company.

fraudulent diets Canadians spend millions of dollars a year on fraudulent diet products such as “The Amazing Skin Patch Melts Away Body Fat” or “Lose Weight While You Sleep.”

magazine subscriptions scams beware of telephone sales pitches for “free,” “prepaid,” or “special” magazine subscription offers.

toll-free scams calls to 800, 888 and 877 numbers are almost always free. However, there are some exceptions. Be careful.

international phone scams scam artists confuse callers by promoting calls to “809” numbers; while these telephone numbers may look like domestic calls, international rates apply.

pre-paid phone card scams selling prepaid calling cards may involve a multi-level marketing scam with a large up-front fee.

on-line and high tech scams common Internet scams are pyramid schemes, Internet related services, equipment sales, business opportunities, and work-at-home offers.

“900” numbers



what they are

- A kind of telemarketing pitch, with a flat per-minute fee.

what to watch for

- Failure to disclose any cost upfront, or at later times.
- Enticements to call for bogus products or services.
- Product or service pitches aimed at children or teenagers.

how to protect yourself

- Deal only with reputable companies.
- Know precisely what the “900” call will cost before making the call.
- Think twice before calling a “900” number for a “free” gift.
- Don’t confuse “900” numbers with toll-free “800”, “888” and “877” numbers.
- Check your phone bill carefully for any “900” number charges.

if you’re caught in a scam

- Call or write your telephone company immediately.
- Dispute the charges with the “900”-number company.
- Contact the Better Business Bureau or the Consumer and Commercial Relations Department in your province.



what they are

- Promotions that use deceptively advertised prizes.

what to watch for

- Offers or notices announcing “fabulous” prizes (often used to attract customers to sales meetings for land, or for vacation “timesharing”).
- High-pressure sales techniques.

how to avoid being a victim

- Consider any purchase carefully before signing a contract.
- Don't be deceived by letters that look official or urgent.
- Read the letter carefully.
- Think carefully before you attend a sales meeting.
- If you attend a sales meeting, don't sign a contract or give a salesperson a deposit right away.
- Find out about the seller's reputation.
- If a salesperson makes claims that aren't in the contract, don't sign the contract.

work-at-home schemes



common schemes

- Envelope stuffing.
- Assembly or craft work.
- Reading books.

to avoid being a victim, find out

- What task you will be required to perform.
- If you will be paid on salary or commission.
- Who will pay you.
- When you will get your first paycheque.
- The total cost of the work-at-home program (such as how much you will have to pay to get the materials).
- The company's reputation (check with a local, provincial, or federal consumer protection agency).



how to handle a consumer problem

collect records

- Start a file about your complaint.
- Keep copies of sales receipts, repair orders, warranties, cancelled cheques, and contracts.

go back to where you made the purchase

- Contact the person who sold you the item or performed the service.
- Calmly and accurately explain the problem and what action you would like taken.
- Talk with the supervisor or manager, if necessary.
- Allow each person you contact time to resolve the problem before contacting another person.
- Keep a record of your efforts.

don't give up

- Call or write the person responsible for consumer complaints at the company's headquarters.

describe the problem

- Describe why you're unsatisfied.
- Detail what, if anything, you've done about it already.
- Describe what you think is a fair solution.

how to write a complaint letter



where to write

- To the head of the company or the person who handles consumer complaints.

what to write

- Your name, address, and account number, if appropriate
- Describe your purchase (name of product, serial numbers, date and location of purchase).
- State problem and give history.
- Ask for a specific action.
- Enclose copies of documents regarding your problem.
- Allow time for action or response.
- Include how you can be reached.

don't

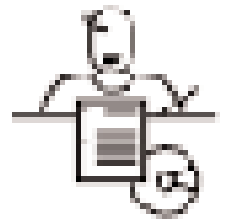
- Write an angry, sarcastic, or threatening letter.
- Send original documents.

do

- Key in your letter, if possible (or handwrite neatly).
- Keep copies of all letters to and from the company.

lesson eleven

consumer awareness



student activities

name: _____

date: _____



why I make the choices I do

Purchasing decisions are made for many reasons. When deciding what to buy, you may be influenced by:

- Your personal interests
- Your activities
- Your values
- Advertising

You may also want to send a message to other people. Think about these things as you complete the following exercise.



directions

Cut out pictures of four outfits or other purchases that reflect different values, activities, or interests in your life. They should all be something you would enjoy owning. Label each picture: A, B, C, or D. In the spaces below, explain why you would choose each item, and the personal values each choice reflects. Staple the pictures to this page.

Picture

I would choose this item because...

A

B

C

D

name: _____

date: _____



comparative shopping chart 1



directions

Customize this chart and use it when you go comparative shopping for an electronic entertainment device or home appliance.

Item _____

	1	2	3
Store			
Brand name			
Price			
Your budget limit			
Basic features			
Special features			
Warranty			
Store return policy			
Refund policy			
Exchange policy			
Other			

name: _____

date: _____



comparative shopping chart 2



directions

Customize this chart and use it when you go comparative shopping for an item of clothing.

Item _____

	1	2	3
Store			
Brand name			
Price			
Your budget limit			
Where to be worn			
Characteristics			
Quality			
Durability			
Needs alterations?			
Comfortable?			
Care requirements			
Store return policy			
Store refund policy			
Store exchange policy			

name: _____

date: _____



comparative shopping sources

Select an item that could be purchased in stores, by mail, and online. Obtain the information requested below.

Item _____

Brand _____

	Store	Mail Order (or TV Home Shopping)	Online Shopping
Company			
Address			
Phone			
E-mail, Web site			
Price			
Shipping cost			
Delivery time			
Warranty			
Return policy			
Other information			

name: _____

date: _____



solving consumer problems



directions

For each of the following situations, put an X next to the action you would suggest to resolve these consumer concerns, and give reasons for your responses.

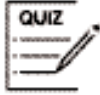
1. Keno has taken in his new car for similar repairs several times in a row since buying his car ten months ago.
 - Return to store
 - Contact company
 - Contact consumer or government agency
 - Take legal action
2. Ariana was injured and needed medical assistance when using a fan she recently purchased.
 - Return to store
 - Contact consumer or government agency
 - Contact company
 - Take legal action
3. Ellis keeps getting phone calls offering him investment opportunities after telling the company to no longer call him.
 - Return to store
 - Contact company
 - Contact consumer or government agency
 - Take legal action
4. Olaf was charged the wrong price for several items at a local discount store.
 - Return to store
 - Contact company
 - Contact consumer or government agency
 - Take legal action
5. Tannis received a late payment notice for a credit account that she had paid off several months ago.
 - Return to store
 - Contact company
 - Contact consumer or government agency
 - Take legal action



directions

For each of the following situations, put an X next to the action you would suggest to resolve these consumer concerns, and give reasons for your responses.

1. Keno has taken in his new car for similar repairs several times in a row since buying his car ten months ago.
 - Return to store
 - Contact company
 - X ■ Contact consumer or government agency
 - Take legal action
2. Ariana was injured and needed medical assistance when using a fan she recently purchased.
 - Return to store
 - Contact consumer or government agency
 - Contact company
 - X ■ Take legal action
3. Ellis keeps getting phone calls offering him investment opportunities after telling the company to no longer call him.
 - Return to store
 - Contact company
 - X ■ Contact consumer or government agency
 - Take legal action
4. Olaf was charged the wrong price for several items at a local discount store.
 - X ■ Return to store
 - Contact company
 - Contact consumer or government agency
 - Take legal action
5. Tannis received a late payment notice for a credit account that she had paid off several months ago.
 - Return to store
 - X ■ Contact company
 - Contact consumer or government agency
 - Take legal action



lesson eleven quiz: consumer awareness

true-false

1. _____ Buying clubs are designed to help consumers compare prices at different stores.
2. _____ Comparison shopping helps you know if you're getting a good deal when you make a purchase.
3. _____ Layaway purchase plans are design to help consumers buy items at discount prices.
4. _____ The cooling-off period generally applies to purchases of \$50 or more.
5. _____ Most consumer complaints require legal action to solve.

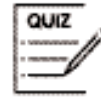
multiple choice

6. _____ The most reliable source of consumer information would be from:
A. an advertisement.
B. a salesperson.
C. an executive of the company.
D. a product label.
7. _____ A buying club commonly :
A. requires a minimum purchase.
B. has a large initiation fee.
C. wants the member to encourage others to join.
D. only allows a few people in an area to be members.
8. _____ A phone number beginning with a (n) _____ is not a toll-free number.
A. 800
B. 877
C. 888
D. 900
9. _____ The right to cancel certain purchases of \$50 or more within 2-10 business days is known as the _____ period.
A. layaway
B. cooling-off
C. mail order
D. telemarketing
10. _____ The first step a person with a consumer complaint should take is to:
A. obtain legal assistance.
B. contact a consumer agency.
C. write to the headquarters of the company.
D. return to the place of purchase.

case application

Zhong recently purchased a sweater for his wife over the telephone. When the item was received, it was slightly damaged. When he returned it he received another sweater, but also received another bill. The company says he owes for two sweaters.

lesson eleven quiz: consumer awareness answer key



true-false

1. f Buying clubs are designed to help consumers compare prices at different stores.
2. t Comparison shopping helps you know if you're getting a good deal when you make a purchase.
3. f Layaway purchase plans are design to help consumers buy items at discount prices.
4. t The cooling-off period generally applies to purchases of \$50 or more.
5. f Most consumer complaints require legal action to solve.

multiple choice

6. D The most reliable source of consumer information would be from:
A. an advertisement.
B. a salesperson.
C. an executive of the company.
D. a product label.
7. B A buying club commonly:
A. requires a minimum purchase.
B. has a large initiation fee.
C. wants the member to encourage others to join.
D. only allows a few people in an area to be members.
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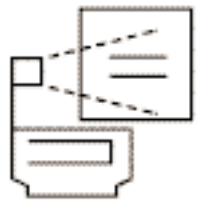
case application

Zhong recently purchased a sweater for his wife over the telephone. When the item was received, it was slightly damaged. When he returned it he received another sweater, but also received another bill. The company says he owes for two sweaters.

Zhong should start by calling the company to explain the situation. Next, he should put an explanation of the situation in writing. If this doesn't work, he might contact a local, provincial or federal consumer agency to assist him.

lesson twelve

saving and investing



overheads



pay yourself first (a little can add up)

example 1:

Save this each week	At % Interest	In 10 years you'll have
\$7.00	5%	\$4,720
14.00	5%	9,440
21.00	5%	14,160
28.00	5%	18,880
35.00	5%	23,600

example 2:

If you invest \$1,000 each year (\$19.20 per week)

Interest Rate	5 yrs.	10 yrs.	15 yrs.	20 yrs.
5%	\$5,525	\$12,578	\$21,578	\$33,065
6%	5,637	13,181	23,276	36,786
7%	5,751	13,816	25,129	40,995
8%	5,867	14,487	27,152	45,762
9%	5,985	15,193	29,361	51,160
10%	6,105	15,937	31,772	57,257
11%	6,228	16,722	34,405	64,203
12%	6,353	17,548	37,279	75,052

types of savings accounts



savings account

- Depositor receives a passbook in which deposits, withdrawals, and interest are recorded.
- Average interest rate is fairly low and may vary slightly from institution to institution.
- Funds are easily accessible, in person, at an ATM, or through Internet banking.
- Passbook can be updated at an ATM.

chequing/savings account

- Basically the same as a savings account, except depositor may receive monthly statements instead of a passbook.
- Funds are easily accessible in person, by writing a cheque, at an ATM, through Internet banking or by Interac Direct Payment.
- Interest rates vary, based on type of account and size of balance.
- Interest-earning chequing account.
- Combines benefits of chequing and savings.
- Depositor usually earns interest on amounts above a set level in his/her account.



what they are and how they work

- Financial institution pays a fixed amount of interest for a fixed amount of money for a fixed amount of time, usually less than one year.

benefits

- No risk
- Simple
- No fees
- Offers higher interest rates than savings accounts and lower than a GIC

trade-offs

- Money “locked in” for fixed term, compared to savings account
- Withdrawal penalty if cashed before end of fixed term (penalty may be higher than interest earned)

guaranteed investment certificates (GICs)



what they are and how they work

- Financial institution pays a fixed amount of interest for a fixed amount of money for a fixed amount of time, usually for longer than a year
- Most institutions require a larger minimum deposit than for a term deposit

benefits

- No risk
- Simple
- No fees
- Offers higher interest rates than a savings account and term deposit

trade-offs

- Money “locked in” for fixed and longer term, compared to term deposit
- Withdrawal penalty if cashed before expiration date (penalty can be higher than the interest earned)

Note: GICs mature if the holder dies before the maturity date.



how simple and compound interest are calculated

simple interest calculation

- **Dollar Amount x Interest rate x Length of Time (in years)**
= Amount Earned

example

- If you had \$100 in a savings account that paid 6% simple interest, during the first year you would earn \$6 in interest.
$$\mathbf{\$100 \times 0.06 \times 1 = \$6}$$
- At the end of two years you would have earned \$12.
- The account would continue to grow at a rate of \$6 per year, despite the accumulated interest.

compound interest calculation

- Interest is paid on original amount of deposit, plus any interest earned.
(Original \$ Amount + Earned Interest) x Interest Rate
x Length of Time = Amount Earned

example

- If you had \$100 in a savings account that paid 6% interest compounded annually, the first year you would earn \$6.00 in interest.
$$\mathbf{\$100 \times 0.06 \times 1 = \$6}$$
$$\mathbf{\$100 + \$6 = \$106}$$
- With compound interest, the second year you would earn \$6.36 in interest.

The calculation the second year would look like this:

$$\mathbf{\$106 \times 0.06 \times 1 = \$6.36}$$

$$\mathbf{\$106 + 6.36 = \$112.36}$$

how simple and compound interest are calculated



a compound interest formula:

- **Amount = Original \$ Amount (1 + Interest Rate)^N**
where N is the number of compounding periods

example

- If you had \$100 in a savings account that paid 6% interest compounded annually over 2 years, your investment would grow to \$112.36

$$\mathbf{\$100 \times (1 + .06)^2 = \$112.36}$$

- If compounded semi-annually N = 4

$$\mathbf{\$100 \times (1 + .06)^4 = \$126.25}$$



choosing a savings account

factors that determine the dollar yield on an account:

Interest rate (also called rate of return, or annual yield)

- All money earned comes from this factor.

the following factors reduce money earned and can even turn it into a loss:

Fees, charges, and penalties

- Usually based on minimum balance requirements, or transaction fees.

Balance requirements

- On term deposits, most banks will pay different interest rates for different size balances. (Higher balance usually earns a higher rate.)

Balance calculation method

- Most calculate daily. Some use average of all daily balances.

the rule of 72



to determine about how many years it will take to double your money:

$$\frac{72 \text{ divided by}}{\text{Interest rate you can get}} = \text{Years to double investment}$$

to determine the interest rate that will double your money in a set number of years:

$$\frac{72 \text{ divided by}}{\text{Years to double investment}} = \text{Interest rate required}$$



what they are

- A bond is an “IOU,” certifying that you loaned money to a government or corporation and outlining the terms of repayment.

how they work

- Buyer may purchase a bond at a discount. The bond has a fixed interest rate for a fixed period of time. When the time is up, the bond is said to have “matured” and the buyer may redeem the bond for the full face value.

types

Canada Savings Bonds

- The safest investment you can make, backed by the Government of Canada.

Government

- Issued by federal, provincial, or municipal governments to raise money for government projects.

Corporate

- Sold by private companies to raise money.
- If company goes bankrupt, bondholders have first claim to assets, before stockholders.

mutual funds



what they are

- Professionally managed portfolios made up of stocks, bonds, and other investments.

how they work

- Individuals buy shares, and fund uses money to purchase stocks, bonds, and other investments.
- Profits returned to shareholders monthly, quarterly, or semi-annually in the form of dividends.

advantages

- Allows small investors to take advantage of professional account management and diversification normally only available to large investors.

types of mutual funds

Balanced Fund includes a broad mix of stocks and bonds.

Global Bond Fund has corporate bonds of companies from around the world.

Global Stock Fund has stocks from companies in many parts of the world.

Growth Fund emphasizes companies that are expected to increase in value; also has higher risk. Portfolios can vary widely in stock selection.

Dividend Fund features stock and bonds with common or preferred shares that generate dividends.

Specialized Fund invests in stocks of companies in a specific industry (such as technology, health care, banking, energy, natural resources).



types of mutual funds (continued)

Money Market Fund features short term instruments (less than one year) and T-bills.

Bond Fund features government and corporate bonds.

stocks



what they are

- Stock represents ownership of a corporation. Stockholders own a share of the company and are entitled to a share of the profits as well as a vote in how the company is run.

how earnings are made

- Company profits may be divided among shareholders in the form of dividends. Dividends are usually paid quarterly.
- Larger profits can be made through an increase in the value of the stock on the open market.

advantages

- If the market value goes up, the gain can be considerable.
- Money is easily accessible.

disadvantages

- If market value goes down, the loss can be considerable.
- Selecting and managing stock often requires study and the help of a good brokerage firm.



ways to invest

- Buy a house, live in it, and sell it later at a profit.
- Buy income property (such as an apartment house or a commercial building) and rent it.
- Buy land and hold it until it rises in value.

advantages

- Excellent protection against inflation.

disadvantages

- Can be difficult to convert into cash.
- A specialized type of investment requiring study and knowledge of business.

capital gains: profits from the sale of a capital asset such as stocks, bonds, or real estate, are also tax deferred; you do not have to pay the tax on these profits until the asset is sold.

registered retirement savings plans (RRSPs)



what they are and how they work

- Plans that help individuals set aside money to be used after they retire.
- Income tax not immediately due on money put into a retirement account, or on the interest it makes.
- Income tax paid when money is withdrawn.
- Penalty charges apply if money is withdrawn before the maturity date, except under certain circumstances.
- Income after retirement is usually lower, so tax rate is lower.

RRSP VALUE AT END OF YEAR (\$13,500 ANNUAL INVESTMENT AT 7% COMPOUNDED ANNUALLY) DATE OF ANNUAL INVESTMENT			
YEAR	JANUARY 2 OF TAX YEAR	EVERY MONTH (\$1,125/MO.)	MARCH 1 OF NEXT YEAR
7	\$125,007.33	\$121,259.06	\$103,102.11
14	325,741.80	315,974.62	290,566.79
21	648,077.48	628,645.25	591,594.11
28	1,165,678.15	1,130,725.96	1,074,978.19
35	1,996,831.71	1,936,957.86	1,851,187.40

When to contribute The best time to contribute to your RRSP is early in the tax year as opposed to waiting until the deadline the following year. You may also contribute on a monthly basis. The chart above indicates the differences in your investment values based on when you contribute. For example, if you contribute a total of \$13,500 a year to your fund, the value after 7 years will be over \$20,000 more if you make it in a lump sum contribution at the beginning of the year, instead of waiting until the deadline the following year, and almost \$4,000 more than if you contribute monthly. After 35 years, the difference will be as much as \$145,000!



registered education savings plans (RESPs)

What they are and how they work

- A tax-sheltered investment plan designed to help you finance your children's post-secondary education.
- Investment income earned on contributions grows tax-free until the child is ready for post-secondary education.
- The student usually pays no tax when the funds are withdrawn, for educational purposes, as he/she typically has little income.
- Parents, grandparents, aunts and uncles, or anyone else who wants to assist a child's education can participate.
- The federal government will contribute a grant representing 20% on the first \$2,000 in annual contributions made to an RESP for children under age 18. (Canada Education Savings Grant - CESG).

registered retirement income funds (RRIFs)



What they are and how they work

- A popular retirement income option, and natural extension of an RRSP. Basically a RRIF pays you back your RRSP investment as income.
- Required by law to convert RRSP's into a qualified form of retirement income once you reach age 69.
- Allows you to withdraw regular amounts of income over several years. All withdrawals are added to your taxable income for that year and you pay income tax only on the amount you withdraw. There is a minimum amount which you must withdraw each year based on your age.
- Plans are flexible because you decide the amount (above the minimum) and how often you receive the payments. You can make changes to the amount and payment schedule at any time or you may close the RRIF entirely and pay the appropriate tax on the entire amount.



comparing savings and investment plans

instrument	maturity	risk	yield	minimum balance	taxable?
Savings Account	Immediate	CDIC insures up to \$60,000	Low	\$5	Yes
Time/term Deposits	90 days or more	CDIC insures up to \$60,000	Moderate	Varies	Yes
Bonds					
■ Corporate	5–30 years	Some	Moderate	\$1,000	Yes
■ Municipal	1–20 years	Some	Moderate	\$5,000	Yes
■ Stocks	Immediate	Low to high	Low to high	Varies	Yes
CAN Treasury					
■ Bills	1 year or less	None	Moderate	\$10,000	Federal only
■ Notes	1–10 years	None		\$1,000	Federal only
■ Bonds	10–30 years	None		\$1,000	Federal only
Mutual Funds	Varies	Low to high	Moderate	Varies	Usually
Retirement Funds	When buyer is 69 years old	Low	Moderate	Varies	At maturity

avoiding investment fraud



each year billions of dollars are lost to fraudulent investments. Some of the most common include:

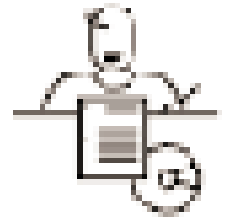
- Illegal pyramids, insider trading, and unlicensed investment brokers
- High-risk “penny” stocks and fraudulent securities
- Fraudulent franchises and business opportunities
- Internet services, 900-numbers, and high-tech investments promising high profits and minimal risk
- Opportunities to invest in movie deals and other entertainment ventures with promises of guaranteed profits and failure to disclose risk

to protect yourself from becoming a victim of investment fraud, take the following actions:

- Become informed about investments and industries before investing
- Talk with others who have made similar investments
- Obtain information from provincial and federal regulatory agencies
- Never buy over the phone without first investigating the situation
- Avoid investment opportunities promising large returns in a short amount of time that seem “too good to be true”—they probably are!

lesson twelve

saving and investing



student activities

name: _____

date: _____



setting your financial goals

short-range goal (within 1 month)

Goal: _____

Objective \$ _____
Estimated Cost \$ _____
Target Date \$ _____
Monthly Amount \$ _____

medium-range goal (2-12 months)

Goal: _____

Objective \$ _____
Estimated Cost \$ _____
Target Date \$ _____
Monthly Amount \$ _____

long-range goal (more than 1 year)

Goal: _____

Objective \$ _____
Estimated Cost \$ _____
Target Date \$ _____
Monthly Amount \$ _____



calculating interest answer key



directions

Write the answers to the following questions in the blanks provided. Use the space below each problem to show how you arrived at your answers.

1. If you put \$200 in a savings account that paid 5.5% simple interest each year, how much interest would you earn in five years?

\$55

$$\$200 \times 0.055 = \$11$$

$$\$11 \times 5 = \$55$$

2. If you put \$150 in a savings account that paid 6% compounded yearly, how much interest would you earn in five years?

\$50.73

$$\$150 \times 1.06 = \$159 \text{ (af ter 1 year)}$$

$$\$159 \times 1.06 = \$168.54 \text{ (af ter 2 years)}$$

$$\$168.54 \times 1.06 = \$178.65 \text{ (af ter 3 years)}$$

$$\$178.65 \times 1.06 = \$189.37 \text{ (af ter 4 years)}$$

$$\$189.37 \times 1.06 = \$200.73 \text{ (af ter 5 years)}$$

3. If you put \$25 each month into a savings account that paid a simple interest rate of 6.5% each year, how much interest would you have in your account at the end of two years?

\$639.00

$$\$300.00 \times 1.065 = \$319.50 \text{ (af ter 1 year)}$$

$$\$300.00 \times 1.065 = \$319.50$$

$$\$319.50 + \$319.50 = \$639.00 \text{ (af ter 2 years)}$$

4. If you put \$10 each week into a savings account that paid 6% interest compounded yearly, how much money would you have in your account after three years?

\$1,754.80

$$\$10 \times 52 = \$520$$

$$\$520 \times 1.06 = \$551.20 \text{ (af ter 1 year)}$$

$$\$551.20 + \$520 = \$1,071.20$$

$$\$1,071.20 \times 1.06 = \$1,135.47 \text{ (af ter 2 years)}$$

$$\$1,135.47 + \$520 = \$1,655.47$$

$$\$1,655.47 \times 1.06 = \$1,754.80 \text{ (af ter 3 years)}$$

name: _____

date: _____



selecting mutual funds



directions

For each of the investment situations below, select the type of mutual fund that would be most appropriate from this list:

Balanced Fund

Growth Fund

Dividend Fund

Money Market Fund

Global Bond Fund

Mortgage Fund

Global Stock Fund

Specialized Fund

1. A person wants an international mutual fund without the risks associated with stocks.
2. An investor wants to invest in short-term debt instruments.
3. An investor is interested in investing in energy stocks.
4. A person wants to invest in stocks from around the world.
5. A person is interested in long-term growth for future financial security.
6. An investor seeks to buy stock in companies located in Europe and Asia.
7. A retired person desires investment earnings from common and preferred shares that generate dividends.
8. A person wants to invest in a blend of stocks and bonds.
9. An investor wants to invest in technology industry stocks.
10. A person invests some funds in residential mortgages.



selecting mutual funds answer key



directions

For each of the investment situations below, select the type of mutual fund that would be most appropriate from this list:

Balanced Fund

Growth Fund

Dividend Fund

Money Market Fund

Global Bond Fund

Mortgage Fund

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Global Stock Fund
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Dividend Fund
8. A person wants to invest in a blend of stocks and bonds.
Balanced Fund
9. An investor wants to invest in technology industry stocks.
Specialized Fund
10. A person invests some funds in residential mortgages.
Mortgage Fund

name: _____

date: _____

test your knowledge of saving and investing



directions

Write the answers to the following questions in the blanks provided. Use the space below each problem to show how you arrived at your answers.

1. How long would it take to double your money in an account that paid 6% per year?
2. What interest rate would double your money in 5 years?

In the space provided, write the letter of the savings account or savings method the statement represents. More than one response may apply.

- | | |
|-----------------------------|--------------------------------------|
| a) Savings account | c) Term Deposit |
| b) Chequing/Savings account | e) Guaranteed Investment Certificate |

3. _____ A combination of a chequing and savings account. Interest rates, which are based on a complex structure, vary with the size of your balance.
4. _____ Good investment for a longer period of time.
5. _____ Usually provides a passbook to customers.
6. _____ Bank pays a fixed amount of interest, on a fixed amount of money, for a fixed amount of time, usually for less than one year.
7. _____ Penalty is usually charged if money is withdrawn before expiration date.
8. _____ Lowest interest rate paid.

test your knowledge of saving and investing (continued)

In the space provided, write the letter of the investment vehicle the statement represents.

- | | |
|-----------------|------------------------|
| a) Bonds | d) Real estate |
| b) Mutual funds | e) RRSP |
| c) Stocks | f) Canada Savings Bond |

9. ____ This type of investment offers an excellent protection against inflation.
10. ____ The safest investment guaranteed by the federal government.
11. ____ Issuer agrees to pay investors a fixed interest rate for a fixed period of time.
12. ____ Contributions result in the current income tax payable.
13. ____ A way to own a part of a company and share in its profits.
14. ____ Professionally managed portfolios made up of stocks, bonds, and other investments.
15. List the four most important factors to consider when shopping for a savings account.

16. List the four main differences between saving and investing.



directions

Write the answers to the following questions in the blanks provided. Use the space below each problem to show how you arrived at your answers.

1. How long would it take to double your money in an account that paid 6% per year?

$$72/6 = 12 \text{ years}$$

2. What interest rate would double your money in 5 years?

$$72/5 = 14.4\%$$

In the space provided, write the letter of the savings account or savings method the statement represents.

- | | |
|-----------------------------|--------------------------------------|
| a) Savings account | c) Term Deposit |
| b) Chequing/Savings account | d) Guaranteed Investment Certificate |

3. b A combination of a chequing and savings account. Interest rates, which are based on a complex structure, vary with the size of your balance.
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8. b Lowest interest rate paid.

test your knowledge of saving and investing answer key

In the space provided, write the letter of the investment vehicle the statement represents.

- | | |
|-----------------|------------------------|
| a) Bonds | d) Real estate |
| b) Mutual funds | e) RRSP |
| c) Stocks | f) Canada Savings Bond |

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14. b Professionally managed portfolios made up of stocks, bonds, and other investments.
15. List the four most important factors to consider when shopping for a savings account.

Interest rates
Balance requirement
Fees, charges, penalties
Balance calculation method

16. List the four main differences between saving and investing.

Degree of risk
Availability of funds for use
Rate and stability of return
Amount of protection against inflation



lesson twelve quiz: saving and investing

true-false

1. _____ A time deposit must be held for a set amount of time such as six months or a year.
2. _____ Compound interest refers to money earned from buying a tax-exempt investment.
3. _____ A share of stock represents ownership in a company.
4. _____ A mutual fund is an investment issued by a government agency.
5. _____ Treasury bonds are a safer investment than real estate.

multiple choice

6. _____ The lowest interest rate is usually earned on a:
A. term deposit.
B. savings account.
C. GIC.
D. mutual fund.
7. _____ The total interest earned on \$100 for two years at 10 percent (compounded annually) would be:
A. \$2
B. \$21
C. \$11
D. \$10
8. _____ Based on the rule of 72, money earning 6 percent would take about _____ years to double.
A. 6
B. 8
C. 9
D. 12
9. _____ An example of a company's debt is a:
A. corporate bond.
B. share of stock.
C. mutual fund.
D. municipal bond.
10. _____ The investment with the most risk would be:
A. a savings account.
B. CAN Treasury bills.
C. corporate stocks.
D. corporate bonds.

case application

The Johnson family includes Marv (age 34), Gail (33), Andrew (8), and Molly (4). What are some investment goals that might be appropriate for this family? What types of investments might be used to achieve these goals?



lesson twelve quiz: saving and investing

answer key

true-false

1. t A time deposit must be held for a set amount of time such as six months or a year.
2. f Compound interest refers to money earned from buying a tax-exempt investment.
3. t A share of stock represents ownership in a company.
4. f A mutual fund is an investment issued by a government agency.
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A. \$2
B. \$21
C. \$11
D. \$10
8. D Based on the rule of 72, money earning 6 percent would take about _____ years to double.
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B. 8
C. 9
D. 12
9. A An example of a company's debt is a:
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D. municipal bond.
10. C The investment with the most risk would be:
A. a savings account.
B. CAN Treasury bills.
C. corporate stocks.
D. corporate bonds.

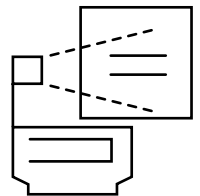
case application

The Johnson family includes Marv (age 34), Gail (33), Andrew (8), and Molly (4). What are some investment goals that might be appropriate for this family? What types of investments might be used to achieve these goals?

Common investment goals in this situation might be to create an RESP to save for the children's college education, or an RRSP to save for retirement. The Johnsons might start their saving-investing program with a savings account, term deposit, or GIC. Next, they might consider an aggressive stock mutual fund that could give them good long-term growth for the education and retirement funds. All of those are easier to implement with an automatic withdrawal each month from a bank account to the savings account or the investment company.

lesson thirteen

in trouble



overheads



why consumers don't pay

loss of income (60%)

- Unemployment/underemployment (36%)
- Illness (16%)
- Other (divorce, death) (8%)

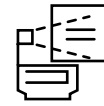
overextension (36%)

- Poor money management
- Emergencies
- Materialism
- Need for instant gratification

fraudulent use of credit (2%)

other (2%)

warning signs of trouble



- You don't know how much you owe.
- You often pay bills late.
- You get a new loan to pay old loans.
- You pay only the minimum balance due each month.
- You spend more than 20% of your net income (after paying rent or mortgage) on debt maintenance.
- You would have an immediate financial problem if you lost your job.
- You're spending more than you earn, using your savings to pay for day-to-day expenses.



first steps to take if you can't pay your bills

take another (close) look at your budget

- Trim your expenses.
- Establish “needs” versus “wants”.
- Be realistic about what you can afford.

contact your creditors

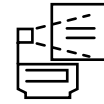
- Tell them why you can't pay, that you intend to pay, and when/how much you will be able to pay.
- You may be able to work out a new payment schedule.
- If possible, continue to make the minimum payments.



credit counselling service (CCS)

- Provincial-based program that offers information on financial and consumer topics.
- Reviews your income.
- Helps you set up a realistic budget.
- May contact your creditors and make arrangements for reduced payments on your bills.
- Helps you plan for future expenses.
- Offers services for a modest fee, or for free if you can't afford to pay.
- Listed in telephone directory under local and provincial government.

consolidating your debts



loan consolidation

- You make only one payment, usually lower than the total amount of your monthly debt payments.
- Best to use only when combined with credit counselling.
- If you own a home, consider your spending habits carefully before you take out a home equity loan. You could end up with a loan and large credit card bills if you don't change your spending habits.

watch out for “credit repair” companies!

- Offer for-profit counselling.
- Offer debt consolidation loans.
- Offer debt counselling.
- Some advertise they can erase a poor credit history (no one can do this!).



collection agencies act and consumer guide

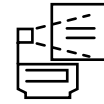
a debt collector must

- Inform you, in writing, of the amount of your debt, the name of the creditor, and an explanation of your right to dispute the debt.
- If you dispute the debt, the debt collector must give you written proof of the debt.

a debt collector may not

- Contact you at unusual times or places.
- Disclose what you owe to anyone but your attorney.
- Harass or threaten you.
- Use false statements.
- Give false information about you to anyone.
- Misrepresent the legal status of the debt.
- Engage in any kind of unfair practice, such as trying to collect an amount greater than you owe.

wage garnishment



what is garnishment?

- A legal procedure that withholds a portion of your earnings for the payment of debt.

the limits of garnishment

- The lesser of 20% of your disposable income or 30 times the federal hourly minimum wage.
- You may be able to get a “Claim of Exemption.”

claim of exemption (basic necessities of life exemption) (only if you meet all of the following conditions)

- Your family is living in the province.
- All the money you earn is needed to provide necessities.
- Debt was for a necessity (food, housing, medical care).
- Garnishment has already been started.

what protection you have

- You cannot be fired for any one garnishment.

how the law is enforced

- Enforced by federal and provincial statutes.



wage assignment and lien against property

assignment

- Does not have legal force from a court, as does wage garnishment.
- It is a legal agreement between a lender and a debtor.
- Permits lender to collect part of debtor's wages from an employer if debtor fails to make regular payments.
- Employer is not legally compelled to honour a wage assignment arrangement.

lien against property

- If you don't have a job, a lender can get a court order to "attach" or seize some of your property to pay off the debt.

car repossession



rights of creditor

- Can seize car as soon as you default.
- Can't commit a breach of the peace, i.e., use physical force or threats of force.
- Can keep car or resell it.
- May not keep or sell any personal property in car (not including improvements such as a stereo or luggage rack).

your rights

- Can buy back car by paying the full amount owed on it plus repossession expenses.

your responsibilities

- Must still pay the “deficiency balance”—the amount of debt remaining even after your creditor has sold your car.



what is it

- Bankruptcy is a legal process performed under the Bankruptcy and Insolvency Act. Because of your inability to pay your debts, you assign all of your assets, except those exempt by law, to a licensed trustee in bankruptcy. This process relieves you of most debts, and legal proceedings against you by creditors should stop.

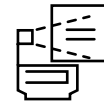
who qualifies

- A debtor who cannot meet his/her financial obligations or is an insolvent debtor.

how it works

- When you declare bankruptcy, your property is given to a trustee in bankruptcy who then sells it and distributes the money among your creditors.
- Speak with a bankruptcy trustee. Before making a final decision, the trustee or administrator will perform an assessment in order to evaluate your financial situation and to provide you with the options available to you.
- If you decide to declare bankruptcy, you will be required to attend a minimum of two counselling sessions with a qualified counsellor.
- The trustee will help you complete several forms which you will have to sign. These forms include an “Assignment” and your “Statement of Affairs”.
- The forms are filed with the Official Receiver. If there is no opposition, the bankruptcy is discharged and, you are legally bankrupt.

bankruptcy (continued)



advantages

- The discharged bankrupt is relieved of most debts, and unsecured creditors cannot take legal steps to recover their debt.
- The bankruptcy generally does not affect your employment.
- You can avoid being harassed by your creditors.

disadvantages

- Some debts are not released such as:
 - alimony
 - spouse or child support
 - debt arising out of fraud
 - any court fine
 - debt or obligations for student loans when the bankruptcy occurs while the debtor is still a student or within ten years after the bankrupt has ceased to be a student.
- You may have difficulty in being bonded.



consumer proposal

what is a consumer proposal

- An offer made by a debtor to his/her creditors to modify payments i.e., lower amount each month, but over a longer period of time.

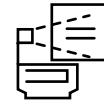
who qualifies

- An insolvent person where debts are less than \$75,000 excluding home mortgage.

how it works

- The debtor seeks the help of an administrator who evaluates the financial situation and gives advice about what kind of proposal may be best for the debtor and his/her creditors.
- The proposal is filed with the Official Receiver.
- Within 10 days of filing the proposal the Administrator files a report containing:
 - an opinion about whether the proposal is fair and reasonable and whether the debtor can perform it.
 - a list of assets and debts and a list of creditors.

consumer proposal (continued)



advantages

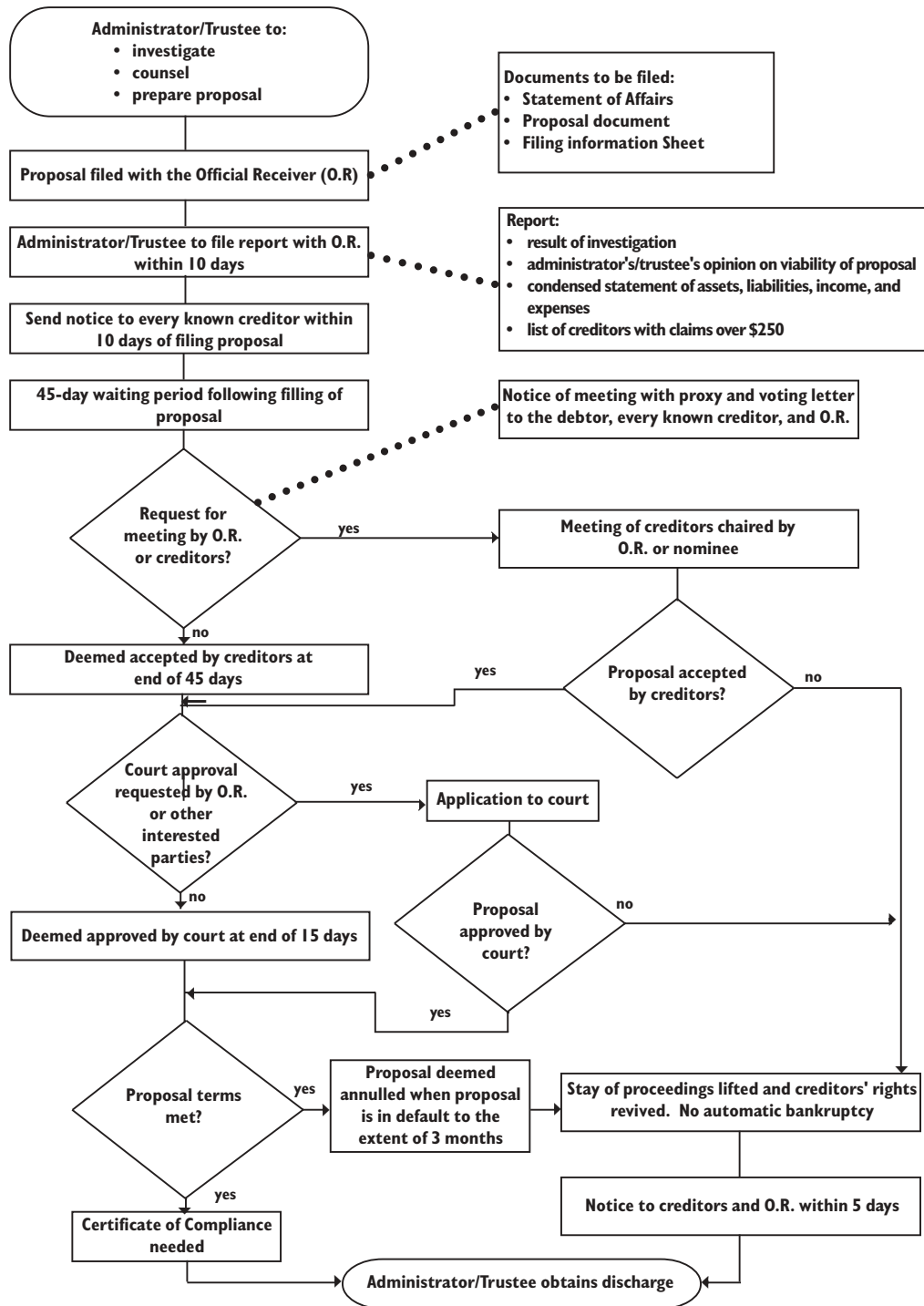
- A better alternative than bankruptcy.
- The potential financial loss to creditors is limited.
- Debtor may be able to hold on to some assets.
- Unsecured creditors will not be able to take legal steps to recover their debts from debtor (such as seizing property) unless the proposal is rejected or annulled.
- When the proposal is fully performed and two counselling sessions are conducted by a qualified counsellor, the debtor receives a certificate of full performance.

disadvantages

- It is a long process.
- It has some negative effect on credit rating.



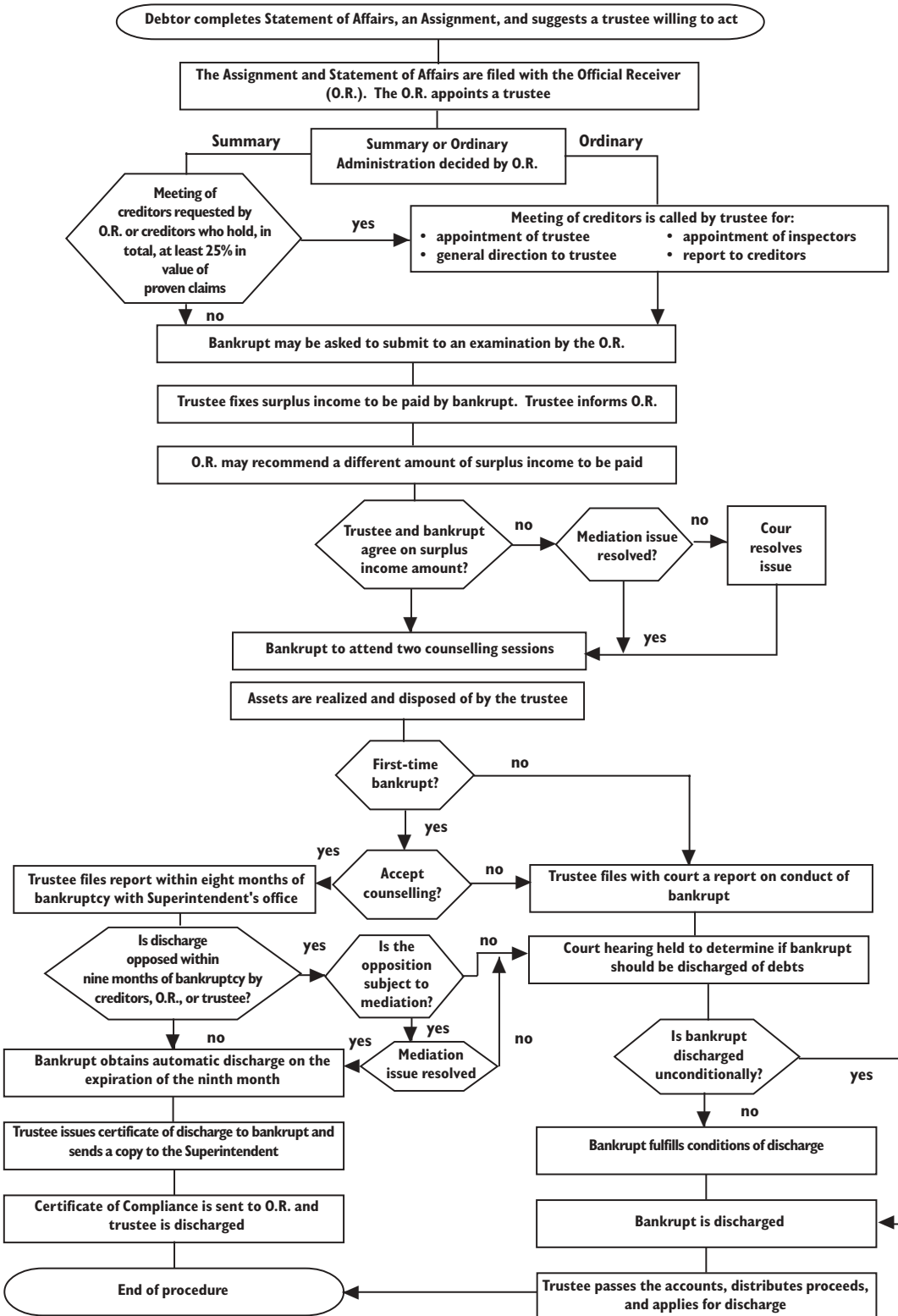
the consumer proposal process



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the consumer bankruptcy process



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lesson thirteen

in trouble



student activities

name: _____

date: _____



test your knowledge of trouble

The following questions are designed to test what you've just learned about dealing with financial woes.



directions

In the space provided, write the answers to the following questions.

1. List three of the most common reasons why consumers don't pay their bills.

2. List five warning signs of financial trouble.

3. List the first steps you should take if you find you can't pay your bills.

For each of the following questions, write a **T** in the space provided if the statement is true. Write an **F** in the space provided if the statement is false.

4. ____ A credit repair company can erase a poor credit history.
5. ____ If you pay a bill late, your creditor can report this information to a credit bureau.
6. ____ A debt collector can contact you any time of day or night, except Sunday.
7. ____ If you don't pay a debt, a debt collector cannot legally harass and threaten you.
8. ____ A debt collector must inform you, in writing, of the amount of your debt, the name of the creditor, and an explanation of your right to dispute the debt.
9. ____ The Consumer Credit Counselling Service will help you set up a realistic budget, contact your creditors, and plan future expenses.

test your knowledge of trouble (continued)

In the space provided, write the letter of the type of payment collection the statement represents.

- a) Wage Garnishment
- b) Wage Assignment
- c) Lien Against Property

10. _____ A legal agreement between a lender and a debtor.
11. _____ A legal procedure that withholds a portion of earnings for the payment of a debt.
12. _____ A court order that allows a lender to seize property to pay off the debt.
13. _____ An employer is not legally compelled to honour this arrangement.
14. _____ Dollar limit is the lesser amount of 20% of your disposable income or the amount over 30 times the federal minimum hourly wage.
15. _____ You cannot be fired for one of these.

For each of the following questions, write a **T** in the space provided if the statement is true. Write an **F** in the space provided if the statement is false.

16. _____ If you default on even one car loan payment, the creditor has the legal right to repossess your car.
17. _____ Once a creditor has repossessed a car, he or she can either keep the car or resell it for the debt owed on it.
18. _____ If your car is repossessed, you no longer have any financial obligation to repay your car loan.
19. _____ If you want to buy back your car after it has been repossessed, the creditor can set the price at any amount over what you owe.

In the space provided, write the answers to the following questions.

20. How many years does a bankruptcy stay on a credit report?



test your knowledge of trouble answer key

The following questions are designed to test what you've just learned about dealing with financial woes.



directions

In the space provided, write the answers to the following questions.

1. List three of the most common reasons why consumers don't pay their bills.

*Loss of income (60%)
Overextension (36%)
Fraudulent use of credit (2%)*

2. List five warning signs of financial trouble.

*Don't know how much you owe.
Late paying bills.
Take out a new loan to pay an old loan or to pay debts.
Pay only the minimum balance due each month.
Spend more than 20% of net income (after rent or mortgage payment) on credit use.*

3. List the first steps you should take if you find you can't pay your bills.

*Take a close look at your budget (trim expenses, be realistic about what you can afford, remember the 20-10 guideline).
Contact your creditors. Tell them why you can't pay, that you intend to pay, and when and how much you can pay.
If possible, continue to make small but regular payments.*

For each of the following questions, write a **T** in the space provided if the statement is true. Write an **F** in the space provided if the statement is false.

4. f A credit repair company can erase a poor credit history.
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test your knowledge of trouble answer key

In the space provided, write the letter of the type of payment collection the statement represents.

- a) Wage Garnishment
- b) Wage Assignment
- c) Lien Against Property

10. b A legal agreement between a lender and a debtor.
11. a A legal procedure that withholds a portion of earnings for the payment of a debt.
12. c A court order that allows a lender to seize property to pay off the debt.
13. b An employer is not legally compelled to honour this arrangement.
14. a Dollar limit is the lesser amount of 20% of your disposable income or the amount over 30 times the federal minimum hourly wage.
15. a You cannot be fired for one of these.

For each of the following questions, write a **T** in the space provided if the statement is true. Write an **F** in the space provided if the statement is false.

16. t If you default on even one car loan payment, the creditor has the legal right to repossess your car.
17. t Once a creditor has repossessed a car, he or she can either keep the car or resell it for the debt owed on it.
18. f If your car is repossessed, you no longer have any financial obligation to repay your car loan.
19. f If you want to buy back your car after it has been repossessed, the creditor can set the price at any amount over what you owe.

In the space provided, write the answers to the following questions.

20. How many years does a bankruptcy stay on a credit report?

Up to 10 years

name: _____

date: _____



are they in trouble?



directions

After reading through each of the following scenarios, list the steps you would take if you found yourself in the same situation. Then, using the attached budget sheets, rework the troubled budget. After reworking the budget, in the space provided, explain what you changed and why you changed it.

1. Sergei's monthly net income is \$1,642.

His monthly fixed expenses include:

- \$550 for rent
- A school loan payment of \$232
- A car payment of \$152
- An insurance premium payment of \$112

His flexible monthly expenses include:

- Utilities and telephone bill, which average \$125
- \$120 for food
- \$50 for personal and household items
- \$50 for gas and oil
- \$100 for entertainment

His current credit obligations are:

- \$850 on a major department store credit card
- The minimum monthly payment is \$42
- \$1,200 on his major credit card, which he accrued from taking out a cash advance
- The minimum monthly payment is \$65

Sergei keeps meaning to open a savings account and deposit a small portion of each paycheck, just in case he has an emergency and needs extra cash. But he just hasn't gotten around to it yet.

Sergei's car breaks down on the way home from work. His mechanic tells him that it will cost about \$1,200 to get the car running again. Sergei needs his car to get to and from work. He just got paid so he uses most of the money from his paycheck to get his car fixed.

If you were Sergei, in the short term, what would you do about your present financial situation?

are they in trouble? (continued)

Using one of the attached budget sheets, rework Sergei's budget. When you're finished, use the space below to explain what changes you made and why you made them.

2. Carmen has a monthly net income of \$810.

Her fixed expenses include:

- \$150 for rent (she shares an apartment with two friends)

Her flexible monthly expenses include:

- \$45 for her portion of the utility bills and the telephone bills
- \$95 for food
- \$50 for personal and household items
- \$50 for bus fare
- \$40 for entertainment

Her current credit obligations include:

- \$232 to the local department store, with a minimum monthly payment of \$25

One of Carmen's roommates decides to move out, two days before the next month's rent is due. Carmen and her other roommate are able to come up with enough money to pay the rent, but this leaves Carmen without enough money to pay her portion of the telephone bill, the utility bills, and her credit card payment.

If you were Carmen, what would you do?



are they in trouble? (continued)

3. Yannic's monthly net income is \$1550.

His fixed monthly expenses include:

- \$600 for rent
- \$262 for his car payment
- \$210 for his car insurance premium

His flexible monthly expenses include:

- \$20 for the telephone bill
- \$120 for food
- \$75 for personal and household items
- \$50 for gas and oil
- \$100 for entertainment

His current credit obligations include:

- \$2,000 on one of his major credit cards
- The minimum monthly payment is \$120.
- \$1,500 on another credit card, which he recently accrued from taking out a cash advance. (He needed it because he didn't have enough to pay rent last month, and he wanted to buy a new piece of stereo equipment for his car.)
- The minimum monthly payment on this credit card is \$110.

Yannic doesn't have any savings.

What do you recommend Yannic do in the short term regarding his financial affairs?

Using one of the attached budget sheets, rework Yannic's budget. When you're finished, use the space below to explain what changes you made and why you made them.



lesson thirteen quiz: in trouble

true-false

1. _____ Financial difficulties are commonly caused by overspending.
2. _____ People with financial difficulties may obtain assistance from the Consumer Credit Counselling Service.
3. _____ Consolidation loans are mainly used to finance the starting of a new business.
4. _____ Debt collectors are usually allowed to call you at home before 8 p.m.
5. _____ Bankruptcy is suggested for people who are a few weeks behind in their credit payments.

multiple choice

6. _____ A common cause of financial difficulties is:
 - A. poor money management habits.
 - B. a need for additional career training.
 - C. preparing your tax return late.
 - D. not having enough life insurance.
7. _____ A nonprofit organization that provides financial counselling is:
 - A. the Canada Deposit Insurance Corporation.
 - B. the Consumer Credit Counselling Service.
 - C. the Better Business Bureau.
 - D. the National Credit Union Administration.
8. _____ The purpose of a consolidation loan is to:
 - A. deduct amounts owed from a person's paycheque.
 - B. pay off one credit card amount before others are paid.
 - C. combine several debts into one payment.
 - D. reduce the amount owed for federal income taxes.
9. _____ A example of a fair debt-collection practice would be to:
 - A. pretend to be a salesperson to attempt to collect a debt.
 - B. threaten to take legal action to collect the money owed.
 - C. call a debtor at work even if personal calls are not allowed.
 - D. call a debtor at home before 8 p.m.
10. _____ Bankruptcy refers to the process of:
 - A. obtaining permission to be late with credit payments.
 - B. obtaining assistance from a credit counselling service.
 - C. using court action to reduce or eliminate your debts.
 - D. using court action to have payments owed deducted from your paycheque.

case application

Matt recently missed a few weeks of work due to illness. This resulted in lost pay and he has fallen behind in paying his bills and credit accounts. What actions would you recommend for Matt?

Please use a separate sheet for your answer.



lesson thirteen quiz: in trouble answer key

true-false

1. t Financial difficulties are commonly caused by overspending.
2. t People with financial difficulties may obtain assistance from the Consumer Credit Counselling Service.
3. f Consolidation loans are mainly used to finance the starting of a new business.
4. t Debt collectors are usually allowed to call you at home before 8 p.m.
5. f Bankruptcy is suggested for people who are a few weeks behind in their credit payments.

multiple choice

6. A **A common cause of financial difficulties is:**
 - A. poor money management habits.
 - B. a need for additional career training.
 - C. preparing your tax return late.
 - D. not having enough life insurance.
7. B **A nonprofit organization that provides financial counseling is:**
 - A. the Canada Deposit Insurance Corporation.
 - B. the Consumer Credit Counselling Service.
 - C. the Better Business Bureau.
 - D. the National Credit Union Administration.
8. C **The purpose of a consolidation loan is to:**
 - A. deduct amounts owed from a person's paycheque.
 - B. pay off one credit card amount before others are paid.
 - C. combine several debts into one payment.
 - D. reduce the amount owed for federal income taxes.
9. D **A example of a fair debt-collection practice would be to:**
 - A. pretend to be a salesperson to attempt to collect a debt.
 - B. threaten to take legal action to collect the money owed.
 - C. call a debtor at work even if personal calls are not allowed.
 - D. call a debtor at home before 8 p.m.
10. C **Bankruptcy refers to the process of:**
 - A. obtaining permission to be late with credit payments.
 - B. obtaining assistance from a credit counselling service.
 - C. using court action to reduce or eliminate your debts.
 - D. using court action to have payments owed deducted from your paycheque.

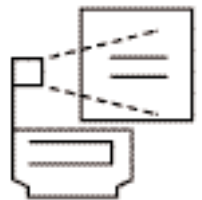
case application

Matt recently missed a few weeks of work due to illness. This resulted in lost pay and he has fallen behind in paying his bills and credit accounts. What actions would you recommend for Matt?

Matt should start by contacting his creditors to explain his situation. If this doesn't work, he should contact a credit counselling service to help him plan his spending over the next few months. This would help him catch up on bills and pay off his debts.

lesson fourteen

about consumer privacy



overheads



privacy and information

information privacy: privacy that involves the rights of individuals in relation to information about them that is circulating in society.

why privacy is an important issue in the information age

- Much information about us and our activities as consumers is recorded and stored by computer systems.
- Our computer files can be shared between public and private organizations. For example, with proper authorization, Revenue Canada can access financial data about you from your bank.
- Computer data can travel and change hands in just a few seconds.
- Because of these factors, accurate data is paramount.

why information privacy is a sensitive issue

- Information is a very valuable resource!
- Access to information in our society today offers many benefits to consumers while at the same time posing a potential threat to our privacy.

types of information generally available from public sources



- Demographic information (Canadian Census)
- Telephone directories
- Birth, marriage, and divorce records
- Voter registration records
- Campaign contributions
- Driver's license/vehicle registration
- Licenses and permits (hunting, fishing, etc.)
- Legal information (judgments, bankruptcy, real estate titles, etc.)



private databases available only to those with a legitimate purpose

- Employment information
- Credit reports
- Tax information (Revenue Canada)
- Criminal records
- Social assistance records
- School records
- Medical records

amending or correcting records



privacy act gives individuals greater control by providing everyone in Canada the right to examine information about them held by 110 federal government departments and agencies (subject to some specific exceptions). Individuals may also ask to have any errors corrected and, if the request is refused, require that a notation be attached to the information describing any corrections requested but not made. [The Privacy Act, Government of Canada]

It should be noted that each province has its own legislation and regime re: privacy. [See overhead 14-Fa]

to amend or expunge a record you must:

- Contact the agency in question
- Await administrative review of request
- If request is denied, you can request a court review

consumer reporting act gives consumers the right to dispute inaccurate information and permits them to insert their own version of disputed information into a credit report.



what's in a database profile?

Information about you that is stored in computer systems and may be used by a variety of organizations, such as:

- Address
- Phone and fax numbers
- Social Insurance Number
- Credit card numbers
- Driver's license number
- Bank account number
- Student loan history
- Medical history
- Driving record
- Worker's compensation and insurance records
- Tax records
- Political affiliations
- Spending pattern
- Product preferences
- Estimated income

privacy protection across Canada



Canada

- Access to Information Act [1980]
- Privacy Act [1983]

Alberta

- Freedom of Information and Protection of Privacy Act [1994]

British Columbia

- Freedom of Information and Protection of Privacy Act [1996]

Manitoba

- Freedom of Information and Protection of Privacy Act [1997]

New Brunswick

- Right to Information Act [1980]
- Protection of Personal Information Act [1998]

Newfoundland

- Freedom of Information Act [1994]
- Privacy Act [1995]

Northwest Territories

- Access to Information and Protection of Privacy Act [1996]

Nova Scotia

- Freedom of Information and Protection of Privacy Act [1993]



privacy protection across Canada

Ontario

- Freedom of Information and Protection of Privacy Act [1990]
- Municipal Freedom of Information and Protection of Privacy Act [1990]

Prince Edward Island

- Freedom of Information and Protection of Privacy Act [1996]

Quebec

- An Act Respecting Access to Documents Held by Public Bodies and the Protection of Personal Information [1982]
- An Act Respecting Protection of Personal Information in the Private Sector [1993]

Saskatchewan

- Freedom of Information and Protection of Privacy Act [1990]

Yukon

- Access to Information and Protection of Privacy Act [1996]

protecting your privacy: your options as a consumer



“opting out” of direct marketing programs

- Ask merchant to be removed from his/her mailing list.
- Contact the Canadian Marketing Association (CMA) to have your name removed from the telephone or mailing lists of its members:

Canadian Marketing Association*

1 Concorde Gate, Suite 607

Don Mills, Ontario

M3C 3N6

Telephone: (416) 391- 2362

Toll Free: 1-800-267-8805

<http://www.the-cma.org/>

** formerly known as the Canadian Direct Marketing Association*

your options as a consumer

- Answer only necessary information on product warranty cards.
- Never give out personal or financial information over the phone unless you know the company and know how the information will be used.
- Don't give personal information at point-of-sale transactions.
- If a telemarketer calls and you don't want future solicitations, tell the caller, citing the federal and provincial law.



what's in a credit report?

identifying information:

- Name, Social Insurance Number, address, and sometimes phone number, previous address, and employer.

credit history:

- Previous and current types of credit, credit providers, payment habits, outstanding obligations and debts, and extent of credit granted.

public record information:

- Usually limited to tax liens, judgments, and bankruptcies.

prior requesters:

- Names of those who have requested information on this consumer in the recent past.

reviewing your credit report



consumer reporting act

Stipulates that an individual, upon request to the consumer-reporting agency, may have access to a copy of his/her credit report.

to receive a copy of your personal credit report, please send a written request with copies of two pieces of identification to:

- **Equifax Canada Inc.**
Consumer Relations Department
Box 190 Jean Talon Station
Montreal, Quebec
H1S 2Z2

Fax:

(514) 355-8502

Phone:

(514) 493-2314
1-800-465-7166

www.equifax.ca

- **Trans Union of Canada Inc.**
Call the local Trans Union of Canada Inc. in your area to receive instructions for obtaining a free credit report. See the Supplemental Materials at the end of this lesson for a complete listing of local Trans Union offices.
www.tuc.ca (under construction)



telecommunications devices and services

- Telephone (including cellular phones)
- Facsimiles (faxes)
- On-line computer services
- Caller ID
- Automatic Number Identification (ANI)

electronic monitoring in the workplace

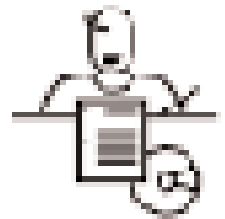


types of electronic monitoring:

- Telephone monitoring
- Voice mail and electronic mail monitoring
- Computer keystrokes monitoring
- Locational detectors
- Surveillance video cameras

lesson fourteen

about consumer privacy



student activities

name: _____

date: _____



test your privacy knowledge

answer each of the following questions in the space provided.

1. Explain why privacy is a crucial issue of the information age.

2. For the following sources of information, put “**Pub.**” next to those that are available from public sources and put “**Pr.**” for private, next to those that are generally subject to privacy restrictions.

Telephone directories
Marriage/divorce records
Personnel files
Credit reports
Real estate holdings

Subscription records
Voter registration records
Campaign contributions
Driver’s licenses
Medical records

3. List three advantages to you of a company having a database profile on you.
List three disadvantages.

4. Name four items that are part of a credit report.

5. Explain why it is important to have a good credit history.



test your privacy knowledge answer key

answer each of the following questions in the space provided.

1. Explain why privacy is a crucial issue of the information age.

Computer records can be stored and shared across long distances between many organizations. Consumers should be informed of who has access to these records and how they can be used.

2. For the following sources of information, put “**Pub.**” next to those that are available from public sources and put “**Pr.**” for private, next to those that are generally subject to privacy restrictions.

<i>Pub.</i> Telephone directories	<i>Pr.</i> Subscription records
<i>Pub.</i> Marriage/divorce records	<i>Pub.</i> Voter registration records
<i>Pr.</i> Personnel files	<i>Pub.</i> Campaign contributions
<i>Pr.</i> Credit reports	<i>Pub.</i> Driver’s licenses
<i>Pub.</i> Real estate holdings	<i>Pr.</i> Medical records

3. List three advantages to you of a company having a database profile on you.
List three disadvantages.

Advantages:

- 1. Receive direct mail that relates to your interests and from companies where you previously shopped.*
- 2. Receive special discounts and promotional offers.*
- 3. Broader usage of offers made to consumers who might not otherwise receive them.*

Disadvantages

- 1. Your profile can be rented or sold to another company.*
- 2. You may receive unwanted solicitations by mail or phone.*
- 3. You may be turned down for a loan, job, insurance, or license because of a blemish on your profile.*

4. Name four items that are part of a credit report.

- 1. Identifying information: name, Social Insurance Number, address, and can include phone number, previous addresses, and employer.*
- 2. Credit history: previous and current types of credit, sources and extent of credit granted.*
- 3. Public record information: lawsuits, bankruptcies, judgments, etc.*
- 4. Prior requesters: names of those who have requested information on this individual in the past.*

5. Explain why it is important to have a good credit history.

When you apply for things such as a student loan, line of credit, mortgage, car loan, credit card, or apartment, you will need to have a good, accurate credit history or your request may be denied.

name: _____

date: _____



what would you do?

read the scenarios described below and then indicate how you would respond to each one.

1. You have applied for a student loan and are told that you have been turned down due to a late payment on your credit card. You want to find out exactly what your credit report says and make any corrections that are necessary.

2. You've been receiving catalogues for sports equipment that you have no interest in purchasing. However, you also receive catalogues from clothing manufacturers that you do wish to keep getting. You would like to be removed from the sports equipment mailing list only.

3. The pile of mail order catalogues on your desk has grown to one metre. You no longer wish to receive direct marketing materials from any company and want to be removed from all lists.

4. You want to receive direct marketing offers in the mail, but not by telephone.



what would you do? answer key

read the scenarios described below and then indicate how you would respond to each one.

1. You have applied for a student loan and are told that you have been turned down due to a late payment on your credit card. You want to find out exactly what your credit report says and make any corrections that are necessary.

You would: (1) request a copy of your record from all the major credit reporting agencies (free if you have been turned down for a loan), and (2) tell the credit reporting agency about any inaccuracies.

2. You've been receiving catalogues for sports equipment that you have no interest in purchasing. However, you also receive catalogues from clothing manufacturers that you do wish to keep getting. You would like to be removed from the sports equipment mailing list only.

Write directly to the sports equipment company and request to be removed from its mailing list.

3. The pile of mail order catalogues on your desk has grown to one metre. You no longer wish to receive direct marketing materials from any company and want to be removed from all lists.

Write to the Canadian Marketing Association and ask to have your name removed from the lists of all merchants who are CMA members (keep in mind that not all merchants are CMA members).

4. You want to receive direct marketing offers in the mail, but not by telephone.

Contact the Canadian Marketing Association and ask to be removed from the telephone lists of all its members (keep in mind that not all merchants are CMA members). If you received telemarketing calls and don't want future calls from this telemarketer, tell them so, citing the federal and provincial law.

what would you do? answer key (continued)

5. You have made several 800 and 900 number calls and although you never left your phone number, you are starting to receive soliciting phone calls from these same companies and individuals. You want to be sure when you call a 800 or 900 number that you are not inadvertently leaving your phone number with that merchant.

Check with your phone company to see if they can insert a blocking mechanism for these "ANI" numbers.

6. Your quarterly evaluation at work is not as good as you'd hoped it would be. You'd like to find out what is in your personnel file that may explain the mediocre evaluation.

Simply ask your supervisor for a look at your file. If your employer refuses, call your Provincial Ministry of Labour to determine your rights as an employee. Although not required by law, most companies comply with the guidelines issued by the privacy guidelines, allowing employees access to their personnel files.

name: _____

date: _____



how much is known about you?



Look at the following sample warranty card. Fill it out, using either real information or information you make up. After you have finished, give your warranty to a partner to examine. It is the partner's job to study each question and write down at least one company, or type of company, that might be interested in the answer.

PhoTech

IMPORTANT!

PhoTech OWNER REGISTRATION

Please fill out and return within the next 10 days

Welcome to the PhoTech family! Please complete this form and return it within 10 days to register your PhoTech product. A complete description of PhoTech's limited warranty is packaged with the product. Thank you!

1 1. Mr. Mrs. Ms. Miss

FIRST NAME	INITIAL	LAST NAME

STREET ADDRESS	APARTMENT #

CITY	PROVINCE	POSTAL CODE

2 DATE OF PURCHASE

MONTH	DAY	YEAR

3

DEALER

CITY	PROVINCE	POSTAL CODE

4

PRODUCT PURCHASED- Please indicate EXACT product name/number

5 DATE OF BIRTH of person whose name appears above

MONTH	DAY	YEAR

6 MARITAL STATUS

1. Married Divorced
 2. Widowed Single Never Married

7 WHAT IS YOUR OCCUPATION? YOU SPOUSE

Homemaker	1. <input type="checkbox"/>	1. <input type="checkbox"/>
Professional/Technical	2. <input type="checkbox"/>	2. <input type="checkbox"/>
Executive/Administrative	3. <input type="checkbox"/>	3. <input type="checkbox"/>
Clerical or Social Worker	4. <input type="checkbox"/>	4. <input type="checkbox"/>
Tradesman/Machine Operator/Laborer	5. <input type="checkbox"/>	5. <input type="checkbox"/>
Retired	6. <input type="checkbox"/>	6. <input type="checkbox"/>
Student	7. <input type="checkbox"/>	7. <input type="checkbox"/>
Self-Employed/Business Owner	8. <input type="checkbox"/>	8. <input type="checkbox"/>

8 WHAT ARE THE AGES OF ALL CHILDREN LIVING AT HOME?

<input type="checkbox"/> None	<input type="checkbox"/> 5 yrs.	<input type="checkbox"/> 10 yrs.	<input type="checkbox"/> 15 yrs.
<input type="checkbox"/> Under 1	<input type="checkbox"/> 6 yrs.	<input type="checkbox"/> 11 yrs.	<input type="checkbox"/> 16 yrs.
<input type="checkbox"/> 1 yr.	<input type="checkbox"/> 7 yrs.	<input type="checkbox"/> 12 yrs.	<input type="checkbox"/> 17 yrs.
<input type="checkbox"/> 2 yrs.	<input type="checkbox"/> 8 yrs.	<input type="checkbox"/> 13 yrs.	<input type="checkbox"/> 18 yrs.
<input type="checkbox"/> 3 yrs.	<input type="checkbox"/> 9 yrs.	<input type="checkbox"/> 14 yrs.	<input type="checkbox"/> 19+ yrs.

9 WHICH AMOUNT DESCRIBES YOUR FAMILY INCOME?

1. <input type="checkbox"/> Under \$1,999	5. <input type="checkbox"/> \$5,000-\$9,999
2. <input type="checkbox"/> \$0,000-\$1,999	6. <input type="checkbox"/> \$10,000-\$14,999
3. <input type="checkbox"/> \$2,000-\$3,999	7. <input type="checkbox"/> \$15,000-\$19,999
4. <input type="checkbox"/> \$4,000-\$4,999	8. <input type="checkbox"/> \$20,000 & over

how much is known about you? (continued)

10 WHERE DID YOU PURCHASE THIS PRODUCT?

- | | |
|--|--|
| 1. <input type="checkbox"/> Camera Store | 5. <input type="checkbox"/> Catalogue |
| 2. <input type="checkbox"/> Discount Store | 6. <input type="checkbox"/> Received as a Gift |
| 3. <input type="checkbox"/> Department Store | 7. <input type="checkbox"/> Sporting Goods Store |
| 4. <input type="checkbox"/> Mail Order | 8. <input type="checkbox"/> Other |

11 WHAT MOST INFLUENCED THE PURCHASE OF THIS PRODUCT?

- | | |
|---|--|
| 1. <input type="checkbox"/> Dealer recommendation | 3. <input type="checkbox"/> Ads |
| 2. <input type="checkbox"/> Professional recommendation | 4. <input type="checkbox"/> Dealer ads |
| | 5. <input type="checkbox"/> Friends |

12 THIS PRODUCT WILL BE USED PRIMARILY FOR:

- | | |
|---|---|
| 1. <input type="checkbox"/> Commercial/Industrial | 4. <input type="checkbox"/> Creative/Hobby |
| 2. <input type="checkbox"/> Scientific/Medical | 5. <input type="checkbox"/> Family/Travel |
| 3. <input type="checkbox"/> Photo/Journalism | 6. <input type="checkbox"/> Sports/Outdoors |

13 HOW DID YOU PAY FOR THIS PRODUCT?

- | | |
|--|---|
| 1. <input type="checkbox"/> Cash | 4. <input type="checkbox"/> Store Credit Card |
| 2. <input type="checkbox"/> Personal Check | 5. <input type="checkbox"/> Store Finance |
| 3. <input type="checkbox"/> Credit Card | 6. <input type="checkbox"/> Other |

14 WHICH OF THE FOLLOWING DO YOU USE REGULARLY?

1. American Express, Diners Club, Carte Blanche
2. Bank Credit Card/MasterCard, Visa
3. Gas, Dept. Store, etc. Credit Cards
4. Airline Club/Frequent Flyer Program
5. None of the above

15 FOR YOUR PRIMARY RESIDENCE, DO YOU:

- | | |
|---|---|
| 1. <input type="checkbox"/> Own a house? | 3. <input type="checkbox"/> Rent an apartment? |
| 2. <input type="checkbox"/> Rent a house? | 4. <input type="checkbox"/> Own a townhouse or condo? |

16 TO HELP US UNDERSTAND OUR CUSTOMERS' LIFESTYLES, PLEASE INDICATE THE INTERESTS AND ACTIVITIES IN WHICH YOU OR YOUR SPOUSE ENJOY PARTICIPATING ON A REGULAR BASIS:

- | | | |
|--|---|--|
| 01. <input type="checkbox"/> Bicycling/Recreathr | 20. <input type="checkbox"/> Electronics | 39. <input type="checkbox"/> Our Nation's Heritage |
| 02. <input type="checkbox"/> Golf | 21. <input type="checkbox"/> Home Workshop/Do It Yourself | 40. <input type="checkbox"/> Real Estate Investment |
| 03. <input type="checkbox"/> Physical Fitness/Exercise | 22. <input type="checkbox"/> Motorcycles | 41. <input type="checkbox"/> Stock/Bond Investments |
| 04. <input type="checkbox"/> Running/Jogging | 23. <input type="checkbox"/> Recreational Vehicles | 42. <input type="checkbox"/> Veterans Benefits/Programs |
| 05. <input type="checkbox"/> Snow Skiing/Recreathr | 24. <input type="checkbox"/> Stereo, Records/Tapes/Disks | 43. <input type="checkbox"/> Biting Sweetstakes |
| 06. <input type="checkbox"/> Tennis/Recreathr | 25. <input type="checkbox"/> Audiobook Reading | 44. <input type="checkbox"/> Home Video Games |
| 07. <input type="checkbox"/> Bowling | 26. <input type="checkbox"/> Bible/Devotional Reading | 45. <input type="checkbox"/> Household Pets (cats, dogs, etc.) |
| 08. <input type="checkbox"/> Camping/Hiking | 27. <input type="checkbox"/> Current Affairs/Politics | 46. <input type="checkbox"/> Home Improvement Opportunities |
| 09. <input type="checkbox"/> Fishing/Recreathr | 28. <input type="checkbox"/> Health Foods/Vitamins | 47. <input type="checkbox"/> Science Fiction |
| 10. <input type="checkbox"/> Hunting/Shooting | 29. <input type="checkbox"/> House Plants | 48. <input type="checkbox"/> Wildlife/Environmental Issues |
| 11. <input type="checkbox"/> Power Boating | 30. <input type="checkbox"/> Photography | 49. <input type="checkbox"/> Career-Oriented Activities |
| 12. <input type="checkbox"/> Golfing | 31. <input type="checkbox"/> Attend Cultural Arts Events | 50. <input type="checkbox"/> Personal Home Computers |
| 13. <input type="checkbox"/> Crafts | 32. <input type="checkbox"/> Charities/Volunteer Activities | 51. <input type="checkbox"/> Science News/Technology |
| 14. <input type="checkbox"/> Crossword Puzzles | 33. <input type="checkbox"/> Fashion/Clothing | 52. <input type="checkbox"/> Watching Cable TV |
| 15. <input type="checkbox"/> Needlework/Knitting | 34. <input type="checkbox"/> Fine Art/Artiques | 53. <input type="checkbox"/> Watching Sports on TV |
| 16. <input type="checkbox"/> Outdoor Gardening | 35. <input type="checkbox"/> Foreign Travel | 54. <input type="checkbox"/> NONE OF THE ABOVE |
| 17. <input type="checkbox"/> Sewing | 36. <input type="checkbox"/> Gourmet Cooking/Fine Foods | |
| 18. <input type="checkbox"/> Walking for Health | 37. <input type="checkbox"/> Coin/Stamp Collecting | |
| 19. <input type="checkbox"/> Automotive Work | 38. <input type="checkbox"/> Collectibles/Collections | |

17 FROM THE ABOVE LIST, PLEASE INDICATE THE NUMBERS REPRESENTING THE 3 MOST IMPORTANT ACTIVITIES FOR:

--	--	--

YOU

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YOUR SPOUSE

Thanks for taking the time to fill out this questionnaire. Your answers will be used for market research studies and reports — and will help us better serve you in the future. They will also allow you to receive important mailings and special offers from a number of the companies whose products and services relate directly to the specific interests, hobbies, and other information indicated above. Through this selective program, you will be able to obtain more information about activities in which you are involved and less about those in which you are not. Please check here if for some reason you would prefer not to participate in the opportunity.



how much is known about you? answer key



Look at the following completed sample warranty card and answer key to reveal the companies or type of company interested based on the example.

PhoTech

IMPORTANT!
PhoTech OWNER REGISTRATION
Please fill out and return within the next 10 days

Welcome to the PhoTech family! Please complete this form and return it within 10 days to register your PhoTech product. A complete description of PhoTech's limited warranty is packaged with the product. Thank you!

1 Mr. Mrs. Ms. Miss

DEBRA **A** **ADAMS**

FIRST NAME INITIAL LAST NAME

123 MAIN STREET **APARTMENT #**

STREET ADDRESS APARTMENT #

ANYTOWN **CA** **00000**

CITY STATE ZIP CODE

2 DATE OF PURCHASE **03** **10** **00**

MONTH DAY YEAR

3 **DEALER**

CITY **STATE** **ZIP CODE**

4 **P0Q340 35MM CAM**

PRODUCT PURCHASED- Please indicate EXACT product name/number

5 DATE OF BIRTH of person whose name appears above **04** **30** **33**

MONTH DAY YEAR

6 MARITAL STATUS

Married Divorced
 Widowed Single Never Married

7 WHAT IS YOUR OCCUPATION? YOU SPOUSE

Homemaker	1. <input type="checkbox"/>	1. <input type="checkbox"/>
Professional/Technical	2. <input type="checkbox"/>	2. <input type="checkbox"/>
Executive/Administrative	3. <input type="checkbox"/>	3. <input type="checkbox"/>
Clerical or Social Worker	4. <input type="checkbox"/>	4. <input type="checkbox"/>
Tradesman/Machine Operator/Laborer	5. <input type="checkbox"/>	5. <input type="checkbox"/>
Retired	6. <input checked="" type="checkbox"/>	6. <input type="checkbox"/>
Student	7. <input type="checkbox"/>	7. <input type="checkbox"/>
Self-Employed/Business Owner	8. <input type="checkbox"/>	8. <input type="checkbox"/>

8 WHAT ARE THE AGES OF ALL CHILDREN LIVING AT HOME?

None
 Under 1 5 yrs. 10 yrs. 15 yrs.
 1 yr. 6 yrs. 11 yrs. 16 yrs.
 2 yrs. 7 yrs. 12 yrs. 17 yrs.
 3 yrs. 8 yrs. 13 yrs. 18 yrs.
 4 yrs. 9 yrs. 14 yrs. 19+ yrs.

9 WHICH AMOUNT DESCRIBES YOUR FAMILY INCOME?

1. <input type="checkbox"/> Under \$1,999	5. <input type="checkbox"/> \$6,000-\$9,999
2. <input type="checkbox"/> \$2,000-\$3,999	6. <input type="checkbox"/> \$10,000-\$14,999
3. <input checked="" type="checkbox"/> \$4,000-\$5,999	7. <input type="checkbox"/> \$15,000-\$19,999
4. <input type="checkbox"/> \$6,000-\$9,999	8. <input type="checkbox"/> \$20,000 & over

how much is known about you? answer key (continued)

10 WHERE DID YOU PURCHASE THIS PRODUCT?

- | | |
|--|--|
| 1. <input type="checkbox"/> Camera Store | 5. <input checked="" type="checkbox"/> Catalogue |
| 2. <input type="checkbox"/> Discount Store | 6. <input type="checkbox"/> Purchased as a Gift |
| 3. <input type="checkbox"/> Department Store | 7. <input type="checkbox"/> Sporting Goods Store |
| 4. <input type="checkbox"/> Mail Order | 8. <input type="checkbox"/> Other |

13 HOW DID YOU PAY FOR THIS PRODUCT?

- | | |
|--|---|
| 1. <input type="checkbox"/> Cash | 4. <input type="checkbox"/> Store Credit Card |
| 2. <input type="checkbox"/> Personal Check | 5. <input type="checkbox"/> Store Finance |
| 3. <input checked="" type="checkbox"/> Credit Card | 6. <input type="checkbox"/> Other |

11 WHAT MOST INFLUENCED THE PURCHASE OF THIS PRODUCT?

- | | |
|---|--|
| 1. <input type="checkbox"/> Dealer recommendation | 3. <input checked="" type="checkbox"/> Ads |
| 2. <input type="checkbox"/> Professional recommendation | 4. <input type="checkbox"/> Dealer ads |
| | 5. <input type="checkbox"/> Friends |

14 WHICH OF THE FOLLOWING DO YOU USE REGULARLY?

- | |
|--|
| 1. <input type="checkbox"/> American Express, Diners Club, Carte Blanche |
| 2. <input checked="" type="checkbox"/> Bank Credit Card (MasterCard, Visa) |
| 3. <input type="checkbox"/> Gas, Dept. Store, etc. Credit Cards |
| 4. <input type="checkbox"/> Airline Club / Frequent Flyer Program |
| 5. <input type="checkbox"/> None of the above |

12 THIS PRODUCT WILL BE USED PRIMARILY FOR:

- | | |
|---|--|
| 1. <input type="checkbox"/> Commercial/Industrial | 4. <input type="checkbox"/> Creative/Hobby |
| 2. <input type="checkbox"/> Scientific/Medical | 5. <input checked="" type="checkbox"/> Family/Travel |
| 3. <input type="checkbox"/> Photo/Journalism | 6. <input type="checkbox"/> Sports/Outdoors |

15 FOR YOUR PRIMARY RESIDENCE, DO YOU:

- | | |
|---|---|
| 1. <input checked="" type="checkbox"/> Own a house? | 3. <input type="checkbox"/> Rent an apartment? |
| 2. <input type="checkbox"/> Rent a house? | 4. <input type="checkbox"/> Own a townhouse or condo? |

16 TO HELP US UNDERSTAND OUR CUSTOMERS' LIFESTYLES, PLEASE INDICATE THE INTERESTS AND ACTIVITIES IN WHICH YOU OR YOUR SPOUSE ENJOY PARTICIPATING ON A REGULAR BASIS:

- | | | |
|---|---|---|
| 01. <input type="checkbox"/> Bowling Frequently | 09. <input type="checkbox"/> Electronics | 39. <input type="checkbox"/> Our Nation's Heritage |
| 02. <input type="checkbox"/> Golf | 10. <input type="checkbox"/> Home Workshop/Do It Yourself | 40. <input type="checkbox"/> Real Estate Investment |
| 03. <input type="checkbox"/> Physical Fitness Exercise | 11. <input type="checkbox"/> Motorcycles | 41. <input type="checkbox"/> Stock/Bond Investments |
| 04. <input type="checkbox"/> Running/Jogging | 12. <input type="checkbox"/> Recreational Vehicles | 42. <input type="checkbox"/> Veterans Benefits/Programs |
| 05. <input type="checkbox"/> Snow Skiing Frequently | 13. <input type="checkbox"/> Stereo, Records/Tapes/Disks | 43. <input type="checkbox"/> Birthdays/Sweepstakes |
| 06. <input type="checkbox"/> Tennis Frequently | 14. <input checked="" type="checkbox"/> Adult Book Reading | 44. <input type="checkbox"/> Home Video Games |
| 07. <input type="checkbox"/> Bowling | 15. <input type="checkbox"/> Bible/Devotional Reading | 45. <input type="checkbox"/> Household Pets (cats, dogs, etc.) |
| 08. <input type="checkbox"/> Camping/Hiking | 16. <input type="checkbox"/> Current Affairs/Politics | 46. <input type="checkbox"/> Money/Marketing Opportunities |
| 09. <input type="checkbox"/> Fishing Frequently | 17. <input type="checkbox"/> Health Foods/Vitamins | 47. <input type="checkbox"/> Science Fiction |
| 10. <input type="checkbox"/> Hunting/Shooting | 18. <input type="checkbox"/> House Plants | 48. <input checked="" type="checkbox"/> Wildlife/Environmental Issues |
| 11. <input type="checkbox"/> Power Boating | 19. <input checked="" type="checkbox"/> Photography | 49. <input type="checkbox"/> Career-Oriented Activities |
| 12. <input type="checkbox"/> Boating | 20. <input checked="" type="checkbox"/> Attend Cultural Arts Events | 50. <input type="checkbox"/> Personal Home Computers |
| 13. <input checked="" type="checkbox"/> Crafts | 21. <input type="checkbox"/> Charities/Volunteer Activities | 51. <input type="checkbox"/> Science News/Technology |
| 14. <input type="checkbox"/> Crossword Puzzles | 22. <input type="checkbox"/> Fashion Clothing | 52. <input type="checkbox"/> Watching Cable TV |
| 15. <input checked="" type="checkbox"/> Needlework/Knitting | 23. <input type="checkbox"/> Fine Antiques | 53. <input type="checkbox"/> Watching Sports on TV |
| 16. <input checked="" type="checkbox"/> Outdoor Gardening | 24. <input type="checkbox"/> Fashion Travel | 54. <input type="checkbox"/> NONE OF THE ABOVE |
| 17. <input type="checkbox"/> Boating | 25. <input type="checkbox"/> Gourmet Cooking/Fine Foods | |
| 18. <input checked="" type="checkbox"/> Walking for Health | 26. <input type="checkbox"/> Coin/Stamp Collecting | |
| 19. <input type="checkbox"/> Automotive Work | 27. <input type="checkbox"/> Collectibles/Collections | |

17 FROM THE ABOVE LIST, PLEASE INDICATE THE NUMBERS REPRESENTING THE 3 MOST IMPORTANT ACTIVITIES FOR:

16	25	35
----	----	----

YOU

--	--	--

YOUR SPOUSE

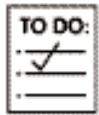
Thanks for taking the time to fill out this questionnaire. Your answers will be used for market research studies and reports — and will help us better serve you in the future. They will also allow you to receive important mailings and special offers from a number of the companies whose products and services relate directly to the specific interests, hobbies, and other information indicated above. Through this selective program, you will be able to obtain more information about activities in which you are interested and less about those in which you are not. Please check here if for some reason you would prefer not to participate in the opportunity.



how much is known about you? answer key

field #	company
2	PhoTech—for product updates
4	Kodak or other photo supply company
5	Canadian Association of Retired Persons or magazines targeted to senior adults
6	Singles and dating organizations
7	Products and services that relate to leisure
8	None in this case
9	Credit card offers, group travel opportunities
10	Other mail order catalogue companies
11	Photo magazine publishers
12	Travel opportunities, airline clubs
13	Other credit card offers
14	Banks and other lenders, insurance companies
16	Gardening supply catalogues, book clubs, travel clubs (e.g., Elderhostel)

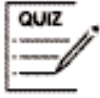
what your mail can tell you



Collect examples of catalogues, sweepstakes offers, direct mail offers, and other unsolicited materials from home. Look to see who sent the materials and then ask yourself:

1. What is known about your (or your parents') age, gender, income, interests, and activities?

2. Where did the company get your (or your parents') name and address?



lesson fourteen quiz: about consumer privacy

true-false

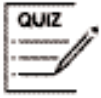
1. _____ The Access to Information Act allows access to most, but not all, private records of companies.
2. _____ Public databases include such information as credit reports, school records, and medical records.
3. _____ A credit report would include if a person had declared bankruptcy in the past.
4. _____ A credit bureau keeps track if people pay their bills on time.
5. _____ The Consumer Reporting Act allows a person to access his or her credit report.

multiple choice

6. _____ An example of public records would be:
 - A. a credit card statement.
 - B. a telephone directory.
 - C. medical records.
 - D. an employment application on file with a company.
7. _____ Voter registration records are considered to be:
 - A. public records.
 - B. private records.
 - C. company records.
 - D. a database profile.
8. _____ A credit report would include a person's:
 - A. federal income tax data.
 - B. balances for electric bills and other utilities.
 - C. salary history.
 - D. balances for instalment accounts.
9. _____ The organization that provides companies with information on a person's past use of credit is:
 - A. a credit union.
 - B. the Consumer Credit Counselling Service.
 - C. a bank.
 - D. a credit bureau.
10. _____ When using an ATM, your PIN is designed to:
 - A. indicate your current balance.
 - B. provide the bank access to your financial records.
 - C. provide security as an authorized user.
 - D. indicate your credit rating.

case application

Jasmine recently received letters that her charge accounts are overdue. She noticed these were from companies from which she never made purchases. After further investigation, the purchases were for items she did not buy. What actions would you recommend for Jasmine?



lesson fourteen quiz: about consumer privacy answer key

true-false

1. f The Access to Information Act allows access to most, but not all, private records of companies.
2. f Public databases include such information as credit reports, school records, and medical records.
3. t A credit report would include if a person had declared bankruptcy in the past.
4. t A credit bureau keeps track if people pay their bills on time.
5. t The Consumer Reporting Act allows a person to access his or her credit report.

multiple choice

6. B An example of public records would be:
 - A. a credit card statement.
 - B. a telephone directory.
 - C. medical records.
 - D. an employment application on file with a company.
7. A Voter registration records are considered to be:
 - A. public records.
 - B. private records.
 - C. company records.
 - D. a database profile.
8. D A credit report would include a person's:
 - A. federal income tax data.
 - B. balances for electric bills and other utilities.
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 - D. indicate your credit rating.

case application

Jasmine recently received letters that her charge accounts are overdue. She noticed these were from companies from which she never made purchases. After further investigation, the purchases were for items she did not buy. What actions would you recommend for Jasmine?

Jasmine seems to be a victim of identity theft. She needs to contact these companies to cancel these accounts and to explain the situation. She needs to review her credit report for other abuses of her financial records, and also review her credit report every few months. She should also be cautious with the use of her Social Insurance Number in the future.

lesson fourteen

about consumer privacy



supplemental materials

Lost or Stolen Visa Card

First, call your issuing financial institution. If you can't remember which one issued your card, call the Visa International Global Customer Assistance Service toll free, 24 hours a day at (800) 847-2911. If you are out of the country, call (410) 581-9994 collect.

credit counselling agencies

There are a number of credit counselling agencies which can provide information on a number of financial and consumer topics. Please find listed below a list of non-profit credit counselling agencies available for assistance.

British Columbia

Credit Counselling Society of British Columbia

#200 - 435 Columbia Street
New Westminster, BC V3L 5N8
Telephone: (604) 527-8999
Fax: (604) 527-8008
Toll Free: 1-800-527-8999

Alberta

Written inquiries to:
Credit Counselling
16th Floor, 10155 - 102 Street
Edmonton, Alberta T5J 4L4
Telephone inquiries to:
Government Operator Number
(Local Telephone Directory)
Ask for the nearest Municipal
Affairs Consumer Services Office

Saskatchewan

The Office of the Rentalsman
Provincial Mediation Board
Debt Management
Department of Justice
2151 Scarth Street, Suite 120
Regina, SK S4P 3V7
Telephone: (306) 787-5387
Fax: (306) 787-5574
Toll Free: 1-888-215-2222

(Saskatoon Office)
4th Floor, # 201, 21st Street East
Saskatoon, SK S7K 2H6
Telephone: (306) 933-6520
Fax: (306) 933-7030
Toll Free: 1-888-215-2222

Manitoba

Community Financial Counselling Services

Room 203, 290 Vaughan Street
Winnipeg, MB R3B 2N8
Telephone: (204) 989-1900
Fax: (204) 989-1908
Toll Free: 1-888-573-2383

Ontario

Written inquiries to:
The Ontario Association of Credit
Counselling Services
PO Box 189
Grimsby, ON L3M 4G5
Telephone inquiries to:
Credit Counselling Services
Telephone: 1-888-7in-debt
Fax: (905) 945-4680

Quebec

Federation of Co-operative
Family Economics Association
815 Laurier Avenue East
Montreal, QC H2J 1G2
Telephone: (514) 271-7004
Fax: (514) 271-1036

Fédération nationale des associations de
consommateurs du Québec
1215 Visitation Street
Suite 103
Montreal, QC H2L 3B5
Telephone: (514) 521-6820
Fax: (514) 521-0736
e-mail: fnacq@accent.net

credit counselling agencies (continued)

New Brunswick

Consumers Affairs Branch
Department of Justice
PO Box 6000
Fredericton, NB E3B 5H1
Telephone: (506) 453-2659
Fax: (506) 444-4494
e-mail: a.peabody@gov.nb.ca

Credit Counselling Services of
Atlantic Canada, Inc.
Harbour Building
703-133 Prince William Street
Suite 302
Saint John, NB E2L 2B6
Telephone: (506) 652-1613
Fax: (506) 633-6057
Toll Free: 1-888-753-2227

Nova Scotia

Nova Scotia Department of Business
and Consumer Service
Division, Debtor Assistance Section
PO Box 2653
Halifax, NS B3J 3P7
Contact: John Just
Telephone: (902) 424-5200
Fax: (902) 424-7354

Nova Scotia Department of Business and
Consumer Service Division, Debtor
Assistance Section
650 Portland Street
Superstore Mall
Dartmouth, NS B2W 6A3
Contact: Tamara Ryan
Telephone: (902) 424-0084
Fax: (902) 424-7354

Prince Edward Island

Department of Community Services
and Attorney General
PO Box 2000
Charlottetown, PEI C1A 7N8
Telephone: (902) 368-4580
Fax: (902) 368-5355
e-mail: gjjones@gov.pe.ca

Newfoundland and Labrador

Personal Credit Counselling Service
of Newfoundland and Labrador
Suite 201, Virginia Park Plaza
Newfoundland Drive
St. John's, NF A1A 3E9
Telephone: (709) 753-5812
Fax: (709) 753-3390

Northwest Territories

Department of Municipal & Community
Affairs
Suite 600, 5201 50th Avenue
Yellowknife, NT X1A 3S9
Telephone: (867) 873-7125
Fax: (867) 920-6343

consumer affairs departments

Some legal aspects of the issuance and administration of credit cards are regulated by federal or provincial consumer protection legislation. If you have a question which relates to a matter which is governed by this legislation, you may wish to contact the appropriate consumer affairs department below to see if they can help answer your question.

Federal

Industry & Science Canada
Bureau of Consumer Affairs
Place du Portage 1
50 Victoria Street
Hull, QC K1A 0C9

British Columbia

Ministry of Labour and Consumer
Services
1019 Wharf Street
Victoria, BC V8V 1X4

Alberta

Government Services
3rd Floor, 10155 - 102 Street
Edmonton, AB T5J 4L4

Saskatchewan

Department of Justice
Consumer Protection Branch
Licensing and Investigation
1871 Smith Street
Regina, SK S4P 3V7

Manitoba

Consumer & Corporate Affairs
Consumer Bureau
302-258 Portage Avenue
Winnipeg, MB R3C 0V8

Ontario

Ministry of Consumer & Business
Services
Consumer Services Bureau
32-250 Yonge Street
Toronto, ON M5B 2N5

Quebec

Offices de la protection du consommateur
Suite 450, 400, boul. Jean-Lesage
Quebec, QC G1K 8W4

New Brunswick

Justice & Attorney General
Rentals & Consumer Affairs
PO Box 6000
Fredericton, NB E3B 5H1

Nova Scotia

Service Nova Scotia & Municipal
Relations
9 South, Maritime Centre
1505 Barrington Street
PO Box 2723
Halifax, NS B3J 3P7

Prince Edward Island

Department of Provincial Affairs and
Attorney General
Consumer Services
PO Box 2000
Charlottetown, PEI C1A 7N8

consumer affairs departments (continued)

Newfoundland and Labrador

Department of Government Services & Lands
2nd Floor, West Block
Confederation Building
PO Box 8700
St. John's, NF A1B 4J6

Northwest Territories

Municipal & Community Affairs
600-5201 50th Avenue
POB Box 1320
Yellowknife, NT X1A 3S9

Yukon Territory

Department of Community Services
Consumer & Safety Services
Box 2703
Whitehorse, YK Y1A 2C6

Nunavut Territory

Government of Nunavut
Department of Finance
PO Box 1000 Station 330
Iqaluit, NV X0A 0H0

credit profile reports

If you have been denied credit and/or would like to verify the information on existing credit reports with respect to yourself, you are entitled to receive a free copy of the credit report. To obtain a copy of your credit profile report, call any of the following organizations:

Equifax

Canadian residents call 1-800-465-7166 to receive instructions for obtaining a free credit report. Inquiries can also be directed by mail to:

Equifax Canada Inc.
Consumer Relations Department
Box 190
Jean Talon Station
Montreal, Quebec H1S 2Z2

Trans Union of Canada, Inc.

Call the local Trans Union of Canada, Inc. affiliated bureau in your area to receive instructions for obtaining a free credit report:

Saskatchewan

Trans Union of Canada, Inc.
116 - 2570 Faithfull Avenue
Saskatoon, SK S7K 6M6
Telephone: (306) 653-8444
Fax: (306) 653-2555

British Columbia

Trans Union of Canada, Inc.
World Trade Centre
999 Canada Place #404
Vancouver, BC V6C 3E2
Telephone: (604) 683-2426
Fax: (604) 844-2838
Toll Free: 1-800-663-9980

Manitoba

Trans Union of Canada, Inc.
Suite 200, #5 Donald Street
Winnipeg, MB R3L 2T4
Telephone: (204) 474-0635
Fax: (204) 474-0843

Alberta

Trans Union of Canada, Inc.
216 - 10709 Jasper Avenue
Edmonton, AB T5J 3N3
Telephone: (780) 426-5800
Fax: (780) 425-0059
Toll Free: 1-800-801-3619

Ontario

Trans Union of Canada, Inc.
10520 Yonge Street
Unit 35B, Suite 322
Richmond Hill, ON L4C 3C7
Telephone: (905) 884-3103

Trans Union of Canada, Inc.
202 - 1409 Edmonton Trail NE
Calgary, AB T2E 3K8
Telephone: (403) 276-7243
Fax: (403) 230-3835

credit profile reports (continued)

Quebec

Trans Union of Canada, Inc.
Le Groupe Echo
1600, Henri-Bourassa Blvd. ouest #200
Montréal, QC H3M 3E2
Telephone: (514) 335-3246
Fax: (514) 334-7731
Toll Free: 1-800-363-2809

Trans Union of Canada, Inc.
Le Groupe Echo
455 rue Marais, Suite 235
Ville Vanier, QC G1M 3A2
Telephone: (418) 681-1545
Fax: (418) 681-3989

Trans Union of Canada, Inc.
Le Groupe Echo
126 rue Vimy, Suite 200
Rimouski, QC G5L 3J6
Telephone: (418) 723-3335
Fax: (418) 723-9853

New Brunswick

Trans Union of Canada, Inc.
185 St. George Street
P.O. Box 741
Moncton, NB E1C 8M9
Telephone: (506) 854-7559
Fax: (506) 383-4636

Nova Scotia

Trans Union of Canada, Inc.
11 Scarfe Court
Dartmouth, NS B3B 1W4
Telephone: (902) 468-7560
Fax: (902) 468-7661

Prince Edward Island

Trans Union of Canada, Inc.
370 Queen Street
Charlottetown, PEI C1A 4C6
Telephone: (902) 566-9195
Fax: (902) 566-3781

Newfoundland

Trans Union of Canada, Inc.
55 Bond Street
PO Box 146
St. John's, NF A1C 5H5
Telephone: (709) 753-8810
Fax: (709) 753-8820



choices & decisions

taking charge of your financial life™

A multi-media program for teaching financial skills and decision making. Includes an Educator's Kit with a Teacher's Guide and Lesson Plans, as well as an interactive CD-ROM. Designed to meet the needs of a variety of students and consumers of all ages.



Yes, I am interested in receiving the program
choices & decisions - taking charge of your financial life™.

Please send me the requested materials in

- English French Both Languages



Contact Name: _____

School/ Institution: _____

Shipping Address: _____

City: _____ **Province:** _____ **Postal Code:** _____

Phone: () _____ **Fax:** () _____

E-mail: _____

Number of students in your school: _____ Grades: _____

Type of class/club setting and grades where this resource will be used: _____

How many students will be involved in using the program materials? _____

How many teachers will be involved in using the program? _____

Will there be more than one class/leadership group using the materials? Yes No

If yes, how many? _____

Return to:

CIRA

740-B Belfast Road

Ottawa, Ontario K1G 0Z5

Tel (613) 244-1594 — Fax (613) 244-4738

E-mail: cira@intramurals.ca • www.intramurals.ca

Également disponible en français sous le titre : **Choix et décisions** : Prendre sa vie financière en main



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