



# FINANCIAL LITERACY STUDENT HANDBOOK

A guide to managing your personal finances





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## INTRODUCTION

Money and other financial assets are essential elements of everyday life. It is important for students to understand how to manage their money in order to avoid financial stress. Students must have a strong foundation in financial literacy, which illustrates basic financial concepts and asset management techniques. This knowledge is vital for students seeking to establish successful careers and personal lives.

Financial literacy programs are used as tools to analyze and provide knowledge to individuals in allocating their financial resources. It also aids in better educating and preparing students to manage these financial resources during and after their time at school. It is especially important given the current state of the economy, which has impacted Canada's economic growth and students' ability to obtain meaningful employment after graduation.

To help students succeed in money management and enhance financial literacy Ryerson University Financial Services has developed a financial literacy course geared towards students. The course will allow students to gain a strong foundation in financial literacy; more specifically the financial components of budgeting, banking, credit, paying for school and life after school.

In this handbook you will find information about managing your money during and after school. We know that money is important and it takes strong skill sets and discipline to manage your money. Like most skills it requires practice. Without applying financial literacy skills it is likely that you will at some point in your life experience financial distress. This course will help you mitigate that risk.





## PRIVACY STATEMENT

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The information that you may provide is collected under the authority of the *Ryerson University Act* and may include your personal information. Ryerson University collects and uses your personal information to support decisions relating to scholarship, award, bursary eligibility and eligibility for government or other Ryerson University financial assistance programs.

We may need to disclose your personal information to limited third parties in order to assist you with financial assistance. For example, we may need to disclose your personal information to government funding agencies to process financial assistance applications, financial institutions to confirm student enrolment and to independent student loan administration companies to process student loan documents. In addition, we may also share some information about award recipients with donors of our awards or may use limited information about you to promote good news in departmental brochures, newsletters or other forms of media. Other than as set out herein, we will not disclose your personal information unless we obtain your prior written consent or unless required by law.

If you have questions about the collection, use and disclosure of your personal information by Ryerson University please contact the Manager of Student Financial Assistance, 350 Victoria Street , Toronto , Ontario , M5B 2K3 , 416-979-5113.





## ACKNOWLEDGEMENTS



Our community partners:



The materials in this student handbook were researched and compiled by Jedidiah Andres, BCom, Aarsal Wahab, Undergraduate Student, and Doug Furchner, CD, BAS.



## BUDGETING

### What is budgeting?

Budgeting is the process of creating a detailed plan to manage and spend your money and it is a benchmark against which your budgeted actual income and expenses are compared. This plan will allow you to determine in advance whether you will have enough money to pay for things you need or would like to have.

### Why do I need to budget?

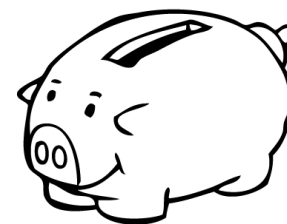
Understanding how much money goes in your wallet and how much goes out will give you a better view of your spending habits and allow you to manage your finances. By taking control of your spending you will be able to save for your future. Remember that the small sacrifices you make today will help keep you from having to make larger ones in the future.

Here are more reasons why you should create a budget and stick to it:

- Taking control of your finances
- Being more aware of what you spend your money on
- Finding areas to cut back spending
- Paying bills on time and avoiding overdue interest
- Reducing or paying off loans and debts
- Saving for short-term or long-term goals (i.e. vacation, paying for school, buying a house, buying a car)
- Having more money to spend on things that are important to you

### Components of a budget

Creating a budget tells you how much money you have, how much you need and what you spend your money on. A budget includes any type of income that you receive and all the expenses you have. Income may include money you receive from your job, financial aid from your school, the government, scholarships or money given to you by your family. Expenses include things like school tuition, payment for books, money spent on eating out and other activities that require spending cash.



*Below is a list of how independent adults generally budget their expenses. Keep this as a basis for your own budget tracking.*

- Housing: 30-36%
- Car: 15-20%
- Credit Cards: 5-7%
- Clothes: 5-6%
- Loans: 10-15%
- Food: 12-17%
- Insurance: 3-7%
- Entertainment: 5-8%
- Savings: 5-10%
- Medical: 4-8%
- Miscellaneous: 5-10%



## Components of a budget *(continued)*

Before writing down the expenses for your budget you must first determine which of these expenses are important enough to be spending your income. Some expenses such as purchasing a new luxury handbag or buying a new gaming system may not be feasible for your budget. As you create your budget you will get a clearer picture of where your money goes and be able to determine where to cut back in order to save money or keep yourself from going into debt.

Below are the steps to create your budget:

**Step 1:** List all your sources of income in a month. Add them up — this determines the monthly income you have.

**Step 2:** List all your expenses in a month. Add them up — this determines the monthly expenses you have. These items are using up your income. **Note:** Savings is considered an “expense” because it is money set aside for the future that can’t be spent. Take a percentage of your income (i.e. 10%) to put into your savings.

**Step 3:** Subtract your total monthly income from your expenses. Do you have money left over or are you spending more than you earn?

**Step 4:** Finally revise your budget. Based on your findings from Step 3 adjust your income and expenses to ensure that you at least break even. If you’re spending more than you earn then you must determine where to cut back. Doing so will save you from financial distress in the future.

If you have income or expenses that don’t occur monthly (i.e. once a year, once every 3 months, etc...) take that amount and prorate it on a monthly basis. Here’s an example:

*Abigail is doing her September budget and has a yearly tuition of \$8,000. In order for her budget to work, she has to calculate the \$8,000 as if it were a monthly expense for the 8 months that she is in school. Therefore, if she prorates the amount she will have a monthly expense of \$1,000 per month (\$8,000 / 8 months in school).*



### Did you know?

- Only 34% of Canadians reported that they have a financial plan.
- 48% of Canadians who are still in the work force are worried about not having enough savings.
- 40% of retirees and soon-to-be retirees are concerned about maintaining their standard of living.
- The word “budget” is derived from an old French word “bourgette” which means “leather bag”.



## Sample budget format

Income	
Employment	
Family help	
Financial aid	
Scholarships	
Other	
Total monthly income	
Expenses	
Savings	
School Expenses	
Tuition and fees	
Books and supplies	
Other	
Food and Groceries	
Groceries	
Snacks and eating out	
Other	
Living Expenses	
Rent	
Electricity	
Cell phone	
Internet	
Cable	
Car/public transportation	
Medical	
Other	

Expenses (continued)	
Personal	
Hair care	
Clothing	
Laundry	
Entertainment	
Travel	
Other	
Debt Management	
Credit card payments	
Loan payment	
Car payment	
Other	
Miscellaneous expenses	
Total monthly expenses	
Monthly Budget	
Total monthly income	
Total monthly expenses	
Net income	

Note: If your expenses are greater than your income, you need to determine where you can cut back. This will ensure that you do not have more money going out than what's coming in.

## Storing your financial records

When creating your budget it is helpful to keep receipts and important papers for your records. Here is a list of documents you should keep and the duration of time for storing them:

Files	Duration
Birth certificates and other ID	Keep for life.
Social Insurance Number (SIN) Card	Keep for life.
Monthly bills with confirmation of payment	Keep for at least one year.
Receipts for major purchases	Keep until past return date or warranty date as they may be needed for insurance claims.
Warranties and guarantees for items you buy	Keep until the warranty expires.
Medical receipts	Keep for at least 2 years. You may be able to use them for your tax returns.
Bank statements	Keep for at least a year.
Unused cheques or copies of cancelled cheques	One year or up to seven years if used as receipts for tax purposes.
Investment papers and statements	Keep for as long as you own the investment.
Credit card statements	Keep for a minimum of one year or seven if used as a record or expenses for tax purposes.
Leases (lease to buy), loan and mortgage papers	Keep until paid off. Keep the receipt of final payment.
Tax returns, notices of assessment, tax-related receipts	Keep for six years.
Insurance papers	Keep for the life of the insurance policy.
Final will and testament	Keep for life and make sure your beneficiary knows where it is stored.



## Services at Ryerson University

### Full-time undergraduate and graduate students

There are many cost saving services available at Ryerson University to help you budget. Ryerson Students Union (RSU) is the students union for full-time undergraduate and graduate students. They offer students discount services such as:

- **Health and Dental Plan:** Discounted insurance coverage for all full-time undergraduate and graduate students.
- **Discount TTC Metropass:** Adult and Post Secondary TTC passes are available to students at a discount.
- **Used Book Room:** Where students can purchase used books at a discounted price.
- **CopyRITE Printing Service:** Student owned and operated full service copy, print and communications centre at Ryerson University. They offer high quality products and prioritize low prices and student employment.
- **Member Services Office:** Provide discounted movie tickets, International Student Identity Card for international students and discounted event tickets such as Toronto Raptors basketball games, Canada's Wonderland, Ski Trips and Club Nights.
- **Tax Clinic:** Provide free in-person assistance to students with their tax return.
- **Legal Service:** All full time undergraduate and graduate students at Ryerson University have access to a lawyer who can advise and assist them with virtually any legal problem at no cost.
- **Handbook and Day Planner:** Each year, RSU gives out free agendas and day planners for students.
- **Community Food Room:** Service providing hunger relief for those struggling with financial obligations, poverty and underemployment. This includes free non-perishable food items and fresh produce as well as nutrition information and additional resources.

There are many more cost saving services available at Ryerson University than the ones listed above. Student groups within the various faculties offer free events and freebies such as water bottles, t-shirts, Ryerson gear, snacks and food. To learn more about these cost saving services, please visit:

RSU: <http://rsuonline.ca/>

Student Groups: <http://rsuonline.ca/student-groups>





## Services at Ryerson University (*continued*)

### Continuing education students

Continuing Education Students Association of Ryerson (CESAR) is the student union for students in continuing education, distance education, off-campus and part-time degree courses. Here are a few of the services they offer:

- **Health and Dental Plan:** Students under CESAR also receive discounted insurance coverage. Students pay an annual fee of \$198.51 per calendar year. The plan includes drug coverage up to 80%, dental coverage up to 65% and other extended health benefits. Currently, the plan is only available to part-time degree students and does not cover certificate or CE students.
- **Discount TTC Metropass:** Adult and Post Secondary TTC passes are also available to continuing education students at a discount.
- **Tax through U-File:** Continuing education students can use U-File for free online tax preparation and filing. To be eligible for this free service, you must be a resident of Canada, have tuition fees, and at least have one month at school in the tax year. You must also be designated as the “family head” (primary member of the family) for the purposes of your tax file in U-File.
- **Career Counselling:** A career counselor is available for appointment for continuing education students who need help on their resumes and interview skills.
- **CESAR Bursary:** Continuing students requiring financial assistance are eligible to apply for a CESAR Bursary, which is money given to you that does not have to be paid back.
- **Free Legal Services:** CESAR offers free legal services to its continuing education students. You may discuss any personal legal issue, ranging from family law matters through landlord and tenant, employment or debt problems to criminal charges as well as accident claims, immigration applications and other dealings with the government, corporate, commercial or intellectual property issues.
- **Student Saver Card:** Student card that allows you to receive discounts ranging from 10% to 50% off purchased goods and services. This is available to continuing education, undergraduate and graduate students.

To learn more about additional cost saving services available to continuing education students, please visit:

CESAR: <https://mycesar.ca/>



## Goal setting and regular review

After creating a budget you should review your income and expenses to determine where to cut back your spending. Doing so will allow you to save more money for the future and allow you to be financially stable. Take a few minutes to set one or more goals for your personal budget. To better assist you in setting your goals. Use the example and table below:

<b>Goal:</b> Create and use a budget	
<b>Tasks:</b> <ul style="list-style-type: none"><li>• Add up my total income and subtract my expenses</li><li>• Give myself a weekly allowance of \$20 which I can use for going out with friends, coffee, etc...</li></ul>	<b>Deadline:</b>  By Wednesday of this week  At the beginning of every week
<b>Goal:</b>	
<b>Tasks:</b>	<b>Deadline:</b>
<b>Goal:</b>	
<b>Tasks:</b>	<b>Deadline:</b>



## Additional Resources

There are many online resources available to help you create your budget. The following online budget templates already have categories set up which makes it easier for you to input your income and expenses in a worksheet. This will allow you to keep track of your finances periodically, which you can then use to make financial decisions. Here are some links you can use to create your budget online:

<https://myuniversitymoney.com/interactive-student-budget/>

<https://www.budgetsimple.com/>

<https://www.cibc.com/ca/advice-centre/savings-plan/budget-calculator.html>

<https://templates.office.com/en-us/College-budget-TM00000012>

<http://www.vertex42.com/ExcelTemplates/college-budget.html>

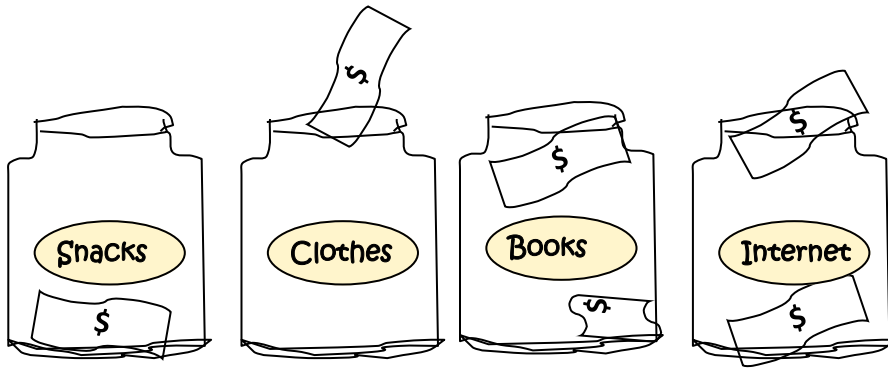
<https://www.mint.com/>

There are also many mobile applications available to help you create your budget. Mobile applications are convenient because they are on your phone, and are most likely always easily accessible. The following mobile applications have relevant layouts, are easy to use, and can give you notifications depending on your spending habits and if you are over budget. Here are some mobile apps you can use to create your budget:

- **Daily Budget Original**
- **Goodbudget Budget Planner**
- **Fudget: Budget Planner Tracker**
- **Mint: Personal Finance & Money**
- **Moni App**
- **Wallet App**

### Additional Resources — Continued

If worksheets don't work for you, you can also be creative and use envelopes or jars to store your cash. This way you can divide your spending with the money allocated to each category. Once you run out of cash in a specific envelope or jar then you know you've reached your maximum budget for that category.







## Budgeting—Investing for the future

### Why Invest?

- Nowadays students are always looking to maximize their money/income, and investing is a popular topic of discussion. Note we at Ryerson and the RU DebtFree courses are not financial advisors, we can only give you the basics of how things work, what you put your money in is up to you. It is always recommended that you do your research, make sure you know what you are getting into, and contact your bank or a professional advisor if you have more questions. Valuable sources of information about investing can come from online, reading, as well as your personal/professional life just to name a few. It is important to understand the time and commitment it takes when you start to invest, and when done correctly, you can greatly increase your money and financial security for the future.
- Once you have finished your budget and have analyzed what you have to work on/ what you have saved, you may be looking to invest the remaining funds. If you are already a meticulous saver, then you are probably aware of the two biggest strains to saving, inflation and taxes.
- Savings accounts are becoming more and more obsolete, as putting money into an account will not give you the maximum return as the rate the bank gives you does not adjust for inflation. While putting money into a savings account will still increase it over time, it increases at a low rate. So with all of these things taken into consideration, putting money into other saving methods is the smartest option.

### Types of Investing Accounts and Services

- The main types of accounts and services are:
- Mutual Funds—Retirement Savings Plan (RSP),
- Invested Tax-Free Savings Account (TFSA),
- Guaranteed Investment Certificate (GIC),
- Stocks and Bonds Portfolio (For experienced/sophisticated investors)



## Budgeting—Investing for the future

### Types of Investing Accounts and Services (Continued)

- Investing in stocks and bonds, as well as options is usually for more experienced investors, and done with the help of professional advisors. For students it is recommended that if they are looking to invest/save, they should be looking at RSP's, TFSA's, and GIC's.

#### Retirement Savings Plan (RSP)

- An RSP is a savings plan that is registered with the Canadian government. Making contributions to your RSP will reduce your taxable income which allows you to pay less income tax and potential build a large retirement fund for the future. For example, if you make \$50,000/year and contribute \$2,500 to an RSP, your actual taxable income for the year becomes \$47,500.)
- By putting money into an RSP account this year, you'll reduce your taxable income by the same amount. For many taxpayers, that will mean getting money back when they file their tax returns. (The money you place in your RSP will remain protected from income tax until you withdraw it — which, according to plan, will be during your retirement. This means the money in your RSP will increase in value through interest or investment returns without its growth being hindered by taxes. RSP's are in effect until you turn 71. Essentially, RSPs shift income from your higher-tax present to your (hopefully) lower-tax future.
- RRSP VS RSP what's the difference?—RRSP stands for Registered Retirement Savings Plan, RSP is just Retirement Savings Plan. Although the name can be confusing, both are registered plans. It is just a matter of what your financial institution prefers.
- Try your best to avoid withdrawing from your RSP early as you'll need to report it and pay income tax on the amount of your withdrawal

#### Why saving in an RSP makes sense:

- You get a tax deduction, which makes a big difference on your tax return
- You can choose to diversify investments held in your RSP, such as GIC's , mutual funds, stocks, etc. thus allowing you to choose what investments you are comfortable with
- Spousal RSP is an option and a good strategy, because it reduces taxable income for the household

**Note:** There is a maximum amount you can contribute to an RSP each year determined by the CRA



## Budgeting—Investing for the future

### Types of Investing Accounts and Services (Continued)

#### Tax-Free Savings Account (TFSA)

- A TFSA is a registered savings vehicle/investment account with one goal—to help you save and not pay taxes on your returns from savings/investments. If your savings are in a TFSA, you don't have to pay tax on returns they earn — not even when you withdraw money. That's what makes a TFSA “tax-free,” and not “tax-deferred.”
- Imagine you have \$5,500 to invest at a return rate of 4% a year. Outside of a TFSA, that 4% return will get taxed, reducing it from \$220 to, say, \$120. Keep the \$5,500 saved over ten years at the same rate of return and rate of tax, and you'll have roughly \$6,400 by the end. But invest this same amount of money inside a TFSA and you'll keep (and compound) the full \$220 return — and after ten years you'll have about \$8,100, \$1,700 of additional growth on your original \$5,500. (Via Tangerine Bank)
- A TFSA protects your interest or earnings on the after-tax money you set aside— a more immediate impact, albeit smaller, but can be significant if compounded over time
- Withdrawing from a TFSA is better than withdrawing from an RSP because you can do so without paying tax or a penalty . There is also a contribution limit, so if you take the money out you cant put it back if it would make you go over your contribution limit.
- You can have more than one TFSA, but the dollar limit for all accounts in 2018 is \$5,500 , if you didn't contribute the full dollar limit in previous years than you can contribute to that unused room.
- More information is accessible on the Government of Canada's Revenue Agency website <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account.html>

#### Why investing in a TFSA makes sense:

- You don't pay tax on your interest or investment returns
- More flexibility in a TFSA, can withdraw money without penalties or tax
- Can be both a short-term and/or a long-term plan
- Just like an RSP you can diversify your investments in a TFSA
- You can give your spouse or common-law partner money to put into their TFSA without affecting your own contribution room

## Budgeting—Investing for the future

### Types of Investing Accounts and Services (Continued)

#### Guaranteed Investment Certificate (GIC)

- A GIC is a savings option where you agree to invest your money for an agreed upon time period in exchange for interest on your money. It is considered one of the safest investments because there is no risk of losing money as your principle is secure
- In the majority of cases you invest at least \$500 and agree to leave this money for a certain period of time, anywhere from a month to 10 years. You earn interest on this money that has been put away, and in many cases the rate the bank gives you is better than a traditional savings account
- There are two types of GIC's to choose from: (1) Fixed Rate GIC, (2) Variable Rate GIC, the differences between these accounts is the money and interest rates paid out, as variable rates are flexible and reflect how the market is doing, while fixed rates are set out from the beginning.
- GIC's are fantastic for short-term saving. They are quick as you can earn interest on money in only one month, as well as being one of the lowest risk investments you can make.
- GIC's bring safety to your investment portfolio, if you decide to invest in stocks and bonds, and any new thing that's popping up such as crypto-currency, these all carry a risk element which can either greatly advance, or cripple your portfolio, GIC's will only advance it.
- Financial institutions offer many different types of GIC's with different rates, in most if not all cases a bank will offer a higher interest rate for a longer term commitment, so it pays to invest in a relatively long term GIC

#### GIC Tips:

- If you need access to your money you may want to invest in a redeemable GIC, albeit it will give you a lower interest rate
- It is advised that you opt for Fixed Rate GIC if it is your first GIC, it can offer you a guaranteed return
- Mostly short-term but can be relatively long-term (10 years in some cases)
- Different financial institutions offer different rates, do research and find the best one for you

**Note:** Interest earned from a GIC is taxable





## Budgeting—Investing for the future

### Investing Conclusion

- Investing is a fantastic way to make money and test your financial literacy, students should start as soon as possible and as soon as they have the financial capability to do so. The sooner the better, as a few successful investments will almost surely secure a healthy financial future, giving you more freedom to do what you like later in life.
- Make sure to do your research, talk to your bank, and do what's right for you. Ask yourself what, “What am I looking for? Something short-term or long-term? How much risk am I ok with? What rates should I be ok with? What financial institution should I invest with?”
- Utilize all of your resources, ranging from talking to your bank, to information online, to professional help, as well as your own research.
- Time is the tool students should utilize, as the earlier you start, the more time your money has to grow
- Once you’ve made your budget and have put away some money to save, it is highly recommended that you look into the saving vehicles discussed, and begin investing.

Don’t fall for these common misconceptions of investing:

- 1) Investing is only for rich people —Students should never be intimidated, investing is for everyone looking to accumulate more wealth
- 2) I can invest later —There is no better time to invest than the present, especially as a student, thanks to the power of compounding, investing sooner rather than later is extremely beneficial
- 3) I will lose too much money — Be smart, be safe, and use all of the information and resources provided to you and you will almost certainly be more wealthy than when you started
- 4) There are too many options to invest in — If you get clarity on the different types of options, and have professional help to make you better understand what you are investing in, then there is no reason for confusion
- 5) I don’t have enough money — After you have done your budget, it should not be that difficult to find small amounts of money that can be contributed on a monthly to yearly basis. Save up as much as you can and allow these small amounts to grow into big amounts over time.



## **Budgeting—ASSIGNMENT**

In this assignment you will create your own budget. You may use the budget format provided in the handbook or create your own. Alternatively, you may use the additional budget links, or mobile applications provided in the previous page to create your budget. Whichever method you choose, keep in mind that if your expenses exceed your income, you need to change your spending habits and cut back.



## **Budgeting—ASSIGNMENT 2**

In this assignment you will come up with reasons for choosing either an RSP or a TFSA. Compare them from the perspective of short-term vs long-term, the debt on each, what your financial style is, and what happens if something you don't expect happens. Look at it from the perspective of what is better for you at this point in your life right now, and which saving vehicle you think is better for students in university and explain why. Good luck!



## Notes

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## Notes

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## BANKING, BANK ACCOUNTS AND SAVING

### Banks and credit unions

There are two types of financial institutions where you can deposit, save and withdraw your money — banks and credit unions.

#### Banks

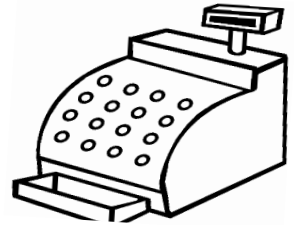
Banks are for-profit organizations that have shares traded on the stock market. The banks are owned by its shareholders and are federally regulated by the Bank Act. In the case where a bank goes bankrupt, the Canada Deposit Insurance Corporation (CDIC) insures you for up to a maximum deposit amount of \$100,000. However, the insurance does not cover any losses on investment products such as stocks, mutual funds, bonds, etc...

#### Credit unions

Credit unions are similar to banks except they are not-for-profit organizations who only serve the financial needs of their members. To create an account with a credit union you must be a member by purchasing a share. Being a member allows you to use their services and to help govern the credit union in making decisions through the Board of Directors. Money deposited into credit unions are insured through Deposit Insurance and varies by province. The amount insured varies from \$100,000 to unlimited. Similar to CDIC, the insurance does not cover investment products.

### Types of accounts and what's best for you

Finding the right financial institution for your needs is important. There are multiple banks and credit unions that offer varying services. In order to take advantage of them you must understand what each bank and credit union offers and what matches your needs. The two basic types of accounts offered are chequing and savings accounts.



#### Fun Facts!

Ever get that metallic odour on your hands after touching coins? That odour is actually a type of human body odour—the skin oils break down and decompose after touching iron, therefore creating that smell.

The largest money monument is located in Sudbury, Ontario? Dubbed The Big Nickel, it is the largest coin replica in the world according to the Guinness Book of World Records, standing at 9m high and 61 cm thick.

BMO is Canada's oldest bank which opened on November 3, 1917.

## Types of accounts and what's best for you *(continued)*

### Chequeing account

A chequeing account is an account used for your day-to-day transactions. It is used to deposit your salary, cheques or to withdraw cash and pay your bills. The bank will supply you with a debit card and cheques which you can use to access your account either through an Automated Teller Machine (ATM) at the branch or through online banking.

### Savings account

A savings account is used to store the money you want to save whether it's to save for a house, a car or your education. This account is mainly used as a way of accumulating the extra cash you have — think of it as an electronic piggy bank. What's good about a savings account is that banks give you interest on the amount you put into the account. Each period the amount you have increases based on the interest rate the bank offers. For example; if your bank offers a 1.05% monthly interest rate, a savings account with a balance of \$1,000 will receive \$133.54 at the end of the year and end up with an amount equal to \$1,133.54. Below is the break down of the calculation:

	Beginning Balance	Interest Accrued	Ending Balance
1st Month	\$1,000.00	\$10.50	\$1,010.50
2nd Month	\$1,010.50	\$10.61	\$1,021.11
3rd Month	\$1,021.11	\$10.72	\$1,031.83
4th Month	\$1,031.83	\$10.83	\$1,042.67
5th Month	\$1,042.67	\$10.95	\$1,053.61
6th Month	\$1,053.61	\$11.06	\$1,064.68
7th Month	\$1,064.68	\$11.18	\$1,075.86
8th Month	\$1,075.86	\$11.30	\$1,087.15
9th Month	\$1,087.15	\$11.42	\$1,098.57
10th Month	\$1,098.57	\$11.53	\$1,110.10
11th Month	\$1,110.10	\$11.66	\$1,121.76
12th Month	\$1,121.76	\$11.78	<b>\$1,133.54</b>

**Note:** This calculation is based on interest being paid monthly. Actual rates may vary.



Here are some tips when signing up for a bank account:

- Look for low or no-fee accounts if you only have a few transactions each month
- Maintain a minimum balance in your bank account to avoid additional service fees such as overdraft protection fees
- Ask for a student discount as many banks offer no-fee banking for students
- Avoid ATM fees by only using your financial institution's bank machines



## Types of accounts and what's best for you *(continued)*

### So what's best for you?

This is based on your preference and what you're looking for. You may consider these options when picking your bank account:

- **Discounted accounts:** Students should select an account that offers free chequing and no fees. Many banks offer discounted services to current students such as 25 free transactions per month, no monthly fees and no minimum balance required. When signing up for an account make sure to ask your bank about their student offers.
- **Location:** Where the financial institution is located and the amount of bank branches/ATMs they have. Someone who uses online banking may not see the need for many bank locations and may not find this option attractive.
- **Hours:** Hours of operations may be important to those who frequently use the bank at night or on the weekend. Some banks have longer hours than others, which may be convenient to some.
- **Customer service:** How you are treated is always important and the type of service your bank provides you determines how well you perceive them in keeping your money.
- **Online banking:** Although a majority of banks now have online banking some banks may charge fees for this service. This may be an important factor to those who prefer banking online.

### Bank interest and other incentives

Earlier we touched on interest rates that banks may offer. Bank interest and other incentives are the promotions that financial institutions offer to get you to open an account with them. There are 5 major banks and a few smaller ones in Canada with Schedule A which takes personal deposits/accounts and Schedule B which does not — each of them want your business. Some of the incentives they offer may be better than others, but it all depends on what you're looking for. Make sure to do your research as incentives may vary over time. Here are some common incentives that banks offer:

- **Cash bonus:** For example a bank may offer a \$50 incentive for opening a chequing account and another \$50 incentive for opening a savings account.
- **Free gifts:** Some banks may offer free iPads or tablets when you open an account with them. This sounds very enticing, but you have to keep in mind that these accounts will most likely require monthly service fees. **The incentive may not be worth it if your fees add up to the cost of the gadget.**



## Bank interest and other incentives (*continued*)

- **Reward points:** The more points you accumulate the greater your reward. For example, an accumulation of points at varying levels may lead to a free all-inclusive trip, gift cards, gadgets, etc...

### Reduced rates for youth, low-income households and seniors

The financial institutions in Canada have agreed to reduce service costs in bank accounts beginning on January 15, 2015. This service is targeted to customers who are more vulnerable financially such as youth, low-income households and seniors. The reduced service costs include low-cost accounts (\$4 per account) with cheque-writing privileges, 12 free debit transactions and no extra charges for deposits, debit cards, pre-authorized payment forms and monthly printed statements. This service is structured to provide additional help to those in need. More information listed on the Government of Canada website.

## Fees and service charges

Most banks offer bank accounts for a monthly fee. The fee ranges in value based on the kind of services you need. For example, if you require an overdraft protection on your bank account you may be charged a monthly fee. This may be costly to some but may be helpful to those who need the extra money when their expenses are greater than their income. **For students, we don't encourage you to open accounts with overdraft protection because it will entice you to spend more money than you have.**

Here are other common bank account fees:

- **Monthly maintenance fees:** Fees set up to provide and maintain banking services for you.
- **Withdrawal, account-transfer and bill-payment fees:** Some banks may charge you fees for withdrawing money from your savings account or transferring funds.
- **Request for cheque fees:** The first few cheques may be free, but to request additional cheques you may be required to pay for them.
- **Bank statement fees:** Some people use passbooks to keep track of their finances whereas a majority now use online banking. Requesting a passbook update may cost a fee.
- **Non Sufficient Funds (NSF) fee:** Fee that is charged to your account when you write a cheque and there is not enough money in your account to cover it. The bank charges Ryerson \$50 per returned cheque, which is passed on to the student who issued the NSF cheque.

**Note:** Other than using debit and ATM machines on campus, load up your OneCard and use it for goods and services available on campus such as meals, snacks, photocopying, etc... This will save you ATM and debit fees.



## Overdrafts, loans and lines of credit

Other than depositing and withdrawing money from your account, financial institutions also offer overdrafts, loans and lines of credit. Bank overdrafts are short term loans that you may need to tide you over to your next pay period. These overdrafts will be recovered from your account when you next deposit money into your account. Lines of credit and loans are additional services that allow you to borrow money for a one time fee and/or fixed and variable interest rates.

## Other services that banks and credit unions offer

Banks and credit unions also provide additional financial services. Some of the services are listed below:

- **Investment banking services:** Services for those looking to invest their money. For example; brokerage services which facilitates the buying and selling of various financial securities such as stocks and bonds.
- **Foreign exchange services:** For example; if you are travelling to Europe and need euros, you can go to your bank and exchange your dollars for euros. Most major banks now have foreign currency ATMs. Using foreign currency ATMs may accrue additional fees.
- **Investment services:** Includes asset management and hedge fund management, which are services that focus on creating capital through a compilation of various investments by the creation of investment funds. The capital received is distributed to the bank's clients, who have invested in the funds.
- **Insurance:** Most major banks now offer insurance products such as auto, property, life and health insurance.
- **Mortgages:** Banks also offer loans to you if you want to buy a house. These mortgages can either have a fixed or variable rate of interest.
- **Student loans:** If you need help paying for school, banks offer loans that are at discounted interest rates for students.

The services listed above are a basic explanation of some of the financial services offered by banks and credit unions. If you want to know more about a specific type of service, contact your preferred bank or review their services online.



### Other services that banks and credit unions offer (*continued*)

No matter what kind of service you're looking for always make sure to compare rates and fees before signing up with a specific bank — you never know, the bank next door may have better incentives and lower costs. **Always read the fine print!**

### Saving for the future

As mentioned in the section on budgeting, saving some of the money from your income is very important and will help you to avoid financial distress in the future. Similarly banking also plays a significant role in your savings. Setting up a chequeing and savings account allows you to separate your sources of income; with one used for your daily transactions and the other used to save your money. When used properly, banking is very beneficial because as you are storing your money in the bank it accrues extra money through the earned interest. However, banking has its pitfalls if not used properly. This includes increased fees and additional charges if you don't comply with the terms of your account agreement.





## Additional Resources

**RateSupermarket.ca** is an online calculator that determines which Canadian banks meet your needs and preferences.

[http://www.ratesupermarket.ca/bank\\_accounts/](http://www.ratesupermarket.ca/bank_accounts/)

**Bank of Canada** is Canada's central bank whose main focus is to ensure a safe and sound financial system in Canada. On the website you will find information on interest rates, unclaimed bank balances and more information on the overall financial system of Canada.

[www.bankofcanada.ca](http://www.bankofcanada.ca)

**Canada Deposit Insurance Corporation (CDIC)** is where you'll find information on insured deposits.

[www.cdic.ca](http://www.cdic.ca)

**Financial Consumer Agency of Canada** includes information on financial education and consumer regulations such as your rights as a banking consumer, types of accounts and financial products that meet your needs.

[www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca)

**Canadian Bankers Association (CBA)** helps consumers better understand the banking industry in Canada and provides information on financial issues that you may come across.

[www.cba.ca](http://www.cba.ca)

**Credit Union Central of Canada** is the national body of all credit unions in Canada. They provide information on credit unions' services.

<https://www.ccu.com/>



## Banking, Bank Accounts and Saving—QUIZ

Match the items in Column A with the items in Column B.

### Column A

1. Card that allows you to access money electronically.
2. Account that allows you to save money.
3. Account for day-to-day transactions.
4. Name of fee charged when you write a cheque and there is not enough money in your account to cover it.
5. Type of financial institution that is owned by its members.
6. Service that allows employer to deposit your pay into your account.

### Column B

- A. Direct deposit (electronic funds transfer)
- B. Chequeing account
- C. Credit union
- D. Debit card
- E. Non Sufficient Funds (NSF) fee
- F. Savings account



## Notes

This image shows a full page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, typical of notebook paper. There are no margins, text, or other markings on the page.



## Notes

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## CREDIT BASICS

### What is credit?

Credit is the exchange of goods or services for a promise to pay in the future.

**Example:** If you don't have money at the moment but need to buy books for school, you can use a credit card. Normally, student credit cards have a low fixed limit between \$500 and \$1,000. This means you can use up to your credit limit to pay for your books. However, be aware that you must have the ability to at least pay your minimum monthly payment. Each month a minimum payment is required based on your credit card balance and you will be charged interest on any unpaid balances. Credit card interest rates can be as high as 29%.

**Note:** Use credit cards as a last resort and if you must use your credit card make every effort to pay more than the minimum payment per month.

### The 4 C's of credit

**Character:** Refers to your desire to pay your debts when they are due. Potential creditors will look into your financial history to determine how likely you are to pay back your debts when due.

**Capacity:** Refers to your ability to pay back your debts. A couple of important determinations in your credit capacity are your income and expenses and how much savings you have. This gives creditors an idea of whether or not you're able to pay back your debts on time.

**Capital:** Refers to your long term financial strength to pay off future debts. Having a house, car, job and other valuable assets increases your chances of receiving credit from financial institutions.

**Conditions:** Refers to events that are beyond your control and may affect your ability to pay off your debts. For example, being laid off from a job and a recession will affect your ability to pay off any outstanding debts you have.



#### Did you know?

*It took the city of Montreal 30 years to pay off its Olympic debt of \$2 billion, which was held in 1976.*

*Closing a credit card account in full will have a negative effect on your credit score — so make sure you only sign up for credit cards you need.*

*Cards that start with a digit of 4 are Visa cards whereas cards that start with numbers between 51 and 55 are MasterCard's.*

*Average Canadian credit card debt is \$8,539.50.*



## Credit cards for students

There are credit cards designed for students and ones that don't require a large income which makes them great first credit cards for you to establish a credit history. Here are just some of the benefits student credit cards may offer:

- **No annual fees:** Financial institutions understand that students have small incomes. Eliminating the annual fees on student credit cards allow students to obtain credit cards at a lower cost. Of course, it is not advisable for you to obtain a credit card without any income.
- **Earn student rewards:** When you use your credit card for retail transactions you will be eligible for rewards such as points which are redeemable for cash back, charitable donations, brand-name merchandise and gift cards from top retailers.
- **Extended warranty on purchases:** Although this is not common you may be able to receive this perk. It allows you to double the manufacturer's guarantee on your purchase for up to one additional year. This may be very beneficial if you're a student in IT and need gadgets for school.
- **Discount rates to retailers:** When using your credit card you may get discounts at specific stores.
- **Earn points for flights:** This option allows you to earn points you can redeem for flights.

Keep in mind that even though you get all these perks by being a student you may be charged greater interest on your purchases. For example a credit card with no annual fee may charge an interest rate of 19.99% in comparison to a rate of 9.90% on an annual fee card. Credit card companies do this to hedge the risk they have of you not paying back your debt. If you want lower interest rates you may need to look for credit cards with annual fees or certain specifications on the amount of income you earn.

## Credit scores

A credit score indicates your financial health measured on a scale ranging from 300 to 900. This measurement is referred to as a FICO score (Fair Isaac and Company, the organization that created this system). The higher your score, the better you look to lenders. However, a low score means that lenders have a higher risk lending or granting credit to you. The FICO score is determined based on a variety of factors including your payment history, any outstanding debts, the amount of debt you're carrying, inquiries by credit grantors, negative occurrences such as collection agency reports and bankruptcy. To put this into context, the average Canadian scores around 650, with numbers in the 700 and above considered "very good".

## Credit ratings

A credit rating is an evaluation of your payment history as reported by Canada's credit rating agencies: TransUnion of Canada and Equifax Canada. Your credit rating along with your credit score determine whether or not you are a credit worthy person.

### How does a lender report on your credit rating?

Lenders use a letter and number format to rate each of your credit accounts. The letter could either be "R" which stands for revolving credit or "I" for installment loans. Revolving credit is credit that is renewed as it is paid. A good example of a revolving credit would be a credit card. As soon as you pay the balance on your card you can get credit over and over again. On the other hand installment loans are loans that are larger in value and are used for big purchases such as houses and cars. These loans already have established repayment periods that may last for years.

The number format determines your actual credit activity and how often you pay your debts or not. In the following page you'll see an explanation of what each number means from 1 to 9. The lower the number the better it is for you. The greater the number the less likely you will receive credit in the future.

Credit reporting numerals 1 to 9 apply equally whether or not the type of credit you have is revolving or installment credit.

- 1: Pays when due.
- 2: Pays within 30 days of due date.
- 3: Pays in more than 30 days, but no more than 60 days.
- 4: Pays in more than 90 days, but not more than 120 days.
- 5: Account is at least 120 days overdue but is not yet rated "9".
- 7: Making regular payments under a consolidation order (consumer proposal, which is covered later).
- 8: Repossession/return of merchandise by consumer who can't pay.
- 9: Bad debt, placed for collections.



### Types of credit cards:

**Bank-issued credit cards:** issued by a bank such as TD Visa and MBNA MasterCard. A lot of these cards offer incentives such as cash back opportunities, reward points and rebate programs but also have interest fees which can range from 9% to more than 20%, and annual fees from \$0 to \$150 or more.

**Store cards:** store credit is a card that is only accepted in that specific store or its store affiliates. These cards don't usually have annual fees but have interest rates on unpaid balances from 24% to 30%.





## Credit reporting

Credit reports contain information about your credit including your repayment history and the current status of your outstanding balances. A credit report is usually accompanied by your credit rating and contains your detailed financial information for a minimum of the past 6 years. This information is used to determine your ability to pay bills on time, how much you owe, your credit limit in each of your accounts and a list of creditors who have accessed your credit file in the past.

In summary, your credit rating and credit score are the two things that banks and other creditors examine to understand if you are a good or bad credit risk and whether they should grant you credit. This is why it's important for you to ensure you take your credit worthiness seriously by ensuring you pay your bills on time and not borrowing more than you can afford to pay back.

Everyone is entitled to receive a free copy of their credit file through Equifax Canada and TransUnion of Canada. To receive your free copy go to:

**Equifax Canada:** [http://www.consumer.equifax.ca/home/en\\_ca](http://www.consumer.equifax.ca/home/en_ca)

**TransUnion of Canada:** <http://www.transunion.ca/>

## How credit spending and repayment habits affect you now and in the future

Having a credit card is valuable if used properly. Below are some pros and cons to consider when applying for a credit card.

### PROS

- You can use them anywhere that accepts credit cards including overseas.
- You can purchase items in advance and only have to pay them off in monthly installments.
- They offer rewards and discounts to consumers.
- Some cards offer annual cash back incentives when you use the card.
- They help build your credit history, which will be important to creditors in determining whether or not to lend you money to make larger purchases such as a house or a car in the future.
- Using your credit card allows you to keep a record of your expenses, which is beneficial when budgeting and setting financial goals.
- They enhance your credit score if you pay your bills on time.
- When using a credit card you can dispute billing errors or defective merchandise with the cardholder company.



## How credit spending and repayment habits affect you now and in the future (*continued*)

### CONS

- With a credit card some people feel compelled to spend more than what they can actually repay.
- Some people may only pay the minimum balance each month and accumulate more interest, which increases your debt load.

*For example a credit card balance of \$1,000 with a minimum of 2% monthly payment required and an interest rate of 20% annually will take you more than 26 years to pay off if you only make your minimum payment. In addition to the principal debt, the interest you pay will be over \$3,000.*

- When you pay your credit cards past the due date you are charged additional interest, which also increases your debt load because of the compound interest on top of your balance.
- Having too much or too little credit card debt negatively affects your credit score.
- With a credit card, there is a possibility of credit card fraud.
- Studies have shown that credit card debt is a significant factor in consumer bankruptcies.

Keep in mind that having a credit card(s) will affect you now and in the future. Every time you use your credit card your credit score and credit rating will change. If not used wisely your credit score will be affected negatively — this will alter your ability to obtain credit in the future especially when making big purchases.

### The cost of credit

#### Question:

*Jermaine needs to purchase a \$2,000 laptop for school but only has \$1,000 to spare. For the additional \$1,000 he decided to sign up for a credit card with an annual interest rate of 20% and a minimum payment of 10% per month of the outstanding balance. If Jermaine decides to pay only the minimum monthly payment, how long will it take him to pay off the total amount?*



## The cost of credit (*continued*)

### Answer:

First, calculate the interest you are charged on the first month. To do this, multiply the 20% annual interest rate to your credit card balance and then divide it by 12 months to determine the amount due on the first month.

$$(\$1,000 \times .20)/12 \text{ months} = \$16.67 \text{ interest per month}$$

Therefore, the \$100 minimum payment ( $\$1,000 \times 10\%$ ) he is paying would have a combination of the interest charge plus a portion of his original balance of \$1,000 (called the principal). Below is a breakdown of the calculation.

	Beginning balance	Payment	To interest	To principal	Ending balance
Sign up day	\$ 1,000.00	\$ -	\$ -	\$ -	\$ 1,000.00
Jan-14	\$ 1,000.00	\$ 100.00	\$ 16.67	\$ 83.33	\$ 916.67
Feb-14	\$ 916.67	\$ 91.67	\$ 15.28	\$ 76.39	\$ 840.28
Mar-14	\$ 840.28	\$ 84.03	\$ 14.00	\$ 70.02	\$ 770.25
Apr-14	\$ 770.25	\$ 77.03	\$ 12.84	\$ 64.19	\$ 706.07
May-14	\$ 706.07	\$ 70.61	\$ 11.77	\$ 58.84	\$ 647.23
Jun-14	\$ 647.23	\$ 64.72	\$ 10.79	\$ 53.94	\$ 593.29
Jul-14	\$ 593.29	\$ 59.33	\$ 9.89	\$ 49.44	\$ 543.85
Aug-14	\$ 543.85	\$ 54.39	\$ 9.06	\$ 45.32	\$ 498.53
Sep-14	\$ 498.53	\$ 49.85	\$ 8.31	\$ 41.54	\$ 456.99
Oct-14	\$ 456.99	\$ 45.70	\$ 7.62	\$ 38.08	\$ 418.90
Nov-14	\$ 418.90	\$ 41.89	\$ 6.98	\$ 34.91	\$ 384.00
Dec-14	\$ 384.00	\$ 38.40	\$ 6.40	\$ 32.00	\$ 352.00
Jan-15	\$ 352.00	\$ 35.20	\$ 5.87	\$ 29.33	\$ 322.66
Feb-15	\$ 322.66	\$ 32.27	\$ 5.38	\$ 26.89	\$ 295.77
Mar-15	\$ 295.77	\$ 29.58	\$ 4.93	\$ 24.65	\$ 271.13
Apr-15	\$ 271.13	\$ 27.11	\$ 4.52	\$ 22.59	\$ 248.53
May-15	\$ 248.53	\$ 24.85	\$ 4.14	\$ 20.71	\$ 227.82
Jun-15	\$ 227.82	\$ 22.78	\$ 3.80	\$ 18.99	\$ 208.84
Jul-15	\$ 208.84	\$ 20.88	\$ 3.48	\$ 17.40	\$ 191.43
Aug-15	\$ 191.43	\$ 19.14	\$ 3.19	\$ 15.95	\$ 175.48

### The cost of credit *(continued)*

<i>(continued)</i>	Beginning balance	Payment	To interest	To principal	Ending balance
Sep-15	\$ 175.48	\$ 17.55	\$ 2.92	\$ 14.62	\$ 160.86
Oct-15	\$ 160.86	\$ 16.09	\$ 2.68	\$ 13.40	\$ 147.45
Nov-15	\$ 147.45	\$ 14.75	\$ 2.46	\$ 12.29	\$ 135.16
Dec-15	\$ 135.16	\$ 13.52	\$ 2.25	\$ 11.26	\$ 123.90
Jan-16	\$ 123.90	\$ 12.39	\$ 2.07	\$ 10.33	\$ 113.58
Feb-16	\$ 113.58	\$ 11.36	\$ 1.89	\$ 9.46	\$ 104.11
Mar-16	\$ 104.11	\$ 10.41	\$ 1.74	\$ 8.68	\$ 95.44
Apr-16	\$ 95.44	\$ 9.54	\$ 1.59	\$ 7.95	\$ 87.48
May-16	\$ 87.48	\$ 8.75	\$ 1.46	\$ 7.29	\$ 80.19
Jun-16	\$ 80.19	\$ 8.02	\$ 1.34	\$ 6.68	\$ 73.51
Jul-16	\$ 73.51	\$ 7.35	\$ 1.23	\$ 6.13	\$ 67.38
Aug-16	\$ 67.38	\$ 6.74	\$ 1.12	\$ 5.62	\$ 61.77
Sep-16	\$ 61.77	\$ 6.18	\$ 1.03	\$ 5.15	\$ 56.62
Oct-16	\$ 56.62	\$ 5.66	\$ 0.94	\$ 4.72	\$ 51.90
Nov-16	\$ 51.90	\$ 5.19	\$ 0.87	\$ 4.33	\$ 47.58
Dec-16	\$ 47.58	\$ 4.76	\$ 0.79	\$ 3.96	\$ 43.61
Jan-17	\$ 43.61	\$ 4.36	\$ 0.73	\$ 3.63	\$ 39.98
Feb-17	\$ 39.98	\$ 4.00	\$ 0.67	\$ 3.33	\$ 36.65
Mar-17	\$ 36.65	\$ 3.66	\$ 0.61	\$ 3.05	\$ 33.59
Apr-17	\$ 33.59	\$ 3.36	\$ 0.56	\$ 2.80	\$ 30.79
May-17	\$ 30.79	\$ 3.08	\$ 0.51	\$ 2.57	\$ 28.23
Jun-17	\$ 28.23	\$ 2.82	\$ 0.47	\$ 2.35	\$ 25.88
Jul-17	\$ 25.88	\$ 2.59	\$ 0.43	\$ 2.16	\$ 23.72
Aug-17	\$ 23.72	\$ 2.37	\$ 0.40	\$ 1.98	\$ 21.74
Sep-17	\$ 21.74	\$ 2.17	\$ 0.36	\$ 1.81	\$ 19.93
Oct-17	\$ 19.93	\$ 1.99	\$ 0.33	\$ 1.66	\$ 18.27
Nov-17	\$ 18.27	\$ 1.83	\$ 0.30	\$ 1.52	\$ 16.75
Dec-17	\$ 16.75	\$ 1.67	\$ 0.28	\$ 1.40	\$ 15.35
Jan-18	\$ 15.35	\$ 1.54	\$ 0.26	\$ 1.28	\$ 14.07
Feb-18	\$ 14.07	\$ 1.41	\$ 0.23	\$ 1.17	\$ 12.90

## The cost of credit *(continued)*

<i>(continued)</i>	Beginning balance	Payment	To interest	To principal	Ending balance
Mar-18	\$ 12.90	\$ 1.29	\$ 0.21	\$ 1.07	\$ 11.82
Apr-18	\$ 11.82	\$ 1.18	\$ 0.20	\$ 0.99	\$ 10.84
May-18	\$ 10.84	\$ 1.08	\$ 0.18	\$ 0.90	\$ 9.94
Jun-18	\$ 9.94	\$ 0.99	\$ 0.17	\$ 0.83	\$ 9.11
Jul-18	\$ 9.11	\$ 0.91	\$ 0.15	\$ 0.76	\$ 8.35
Aug-18	\$ 8.35	\$ 0.83	\$ 0.14	\$ 0.70	\$ 7.65
Sep-18	\$ 7.65	\$ 0.77	\$ 0.13	\$ 0.64	\$ 7.02
Oct-18	\$ 7.02	\$ 0.70	\$ 0.12	\$ 0.58	\$ 6.43
Nov-18	\$ 6.43	\$ 0.64	\$ 0.11	\$ 0.54	\$ 5.89
Dec-18	\$ 5.89	\$ 0.59	\$ 0.10	\$ 0.49	\$ 5.40
Jan-19	\$ 5.40	\$ 0.54	\$ 0.09	\$ 0.45	\$ 4.95
Feb-19	\$ 4.95	\$ 0.50	\$ 0.08	\$ 0.41	\$ 4.54
Mar-19	\$ 4.54	\$ 0.45	\$ 0.08	\$ 0.38	\$ 4.16
Apr-19	\$ 4.16	\$ 0.42	\$ 0.07	\$ 0.35	\$ 3.82
May-19	\$ 3.82	\$ 0.38	\$ 0.06	\$ 0.32	\$ 3.50
Jun-19	\$ 3.50	\$ 0.35	\$ 0.06	\$ 0.29	\$ 3.21
Jul-19	\$ 3.21	\$ 0.32	\$ 0.05	\$ 0.27	\$ 2.94
Aug-19	\$ 2.94	\$ 0.29	\$ 0.05	\$ 0.24	\$ 2.69
Sep-19	\$ 2.69	\$ 0.27	\$ 0.04	\$ 0.22	\$ 2.47
Oct-19	\$ 2.47	\$ 0.25	\$ 0.04	\$ 0.21	\$ 2.26
Nov-19	\$ 2.26	\$ 0.23	\$ 0.04	\$ 0.19	\$ 2.07
Dec-19	\$ 2.07	\$ 0.21	\$ 0.03	\$ 0.17	\$ 1.90
Jan-20	\$ 1.90	\$ 0.19	\$ 0.03	\$ 0.16	\$ 1.74
Feb-20	\$ 1.74	\$ 0.17	\$ 0.03	\$ 0.15	\$ 1.60
Mar-20	\$ 1.60	\$ 0.16	\$ 0.03	\$ 0.13	\$ 1.47
Apr-20	\$ 1.47	\$ 0.15	\$ 0.02	\$ 0.12	\$ 1.34
May-20	\$ 1.34	\$ 0.13	\$ 0.02	\$ 0.11	\$ 1.23
Jun-20	\$ 1.23	\$ 0.12	\$ 0.02	\$ 0.10	\$ 1.13
Jul-20	\$ 1.13	\$ 0.11	\$ 0.02	\$ 0.09	\$ 1.03
Aug-20	\$ 1.03	\$ 0.10	\$ 0.02	\$ 0.09	\$ 0.95

## The cost of credit *(continued)*

<i>(continued)</i>	Beginning balance	Payment	To interest	To principal	Ending balance
Sep-20	\$ 0.95	\$ 0.09	\$ 0.02	\$ 0.08	\$ 0.87
Oct-20	\$ 0.87	\$ 0.09	\$ 0.01	\$ 0.07	\$ 0.80
Nov-20	\$ 0.80	\$ 0.08	\$ 0.01	\$ 0.07	\$ 0.73
Dec-20	\$ 0.73	\$ 0.07	\$ 0.01	\$ 0.06	\$ 0.67
Jan-21	\$ 0.67	\$ 0.07	\$ 0.01	\$ 0.06	\$ 0.61
Feb-21	\$ 0.61	\$ 0.06	\$ 0.01	\$ 0.05	\$ 0.56
Mar-21	\$ 0.56	\$ 0.06	\$ 0.01	\$ 0.05	\$ 0.52
Apr-21	\$ 0.52	\$ 0.05	\$ 0.01	\$ 0.04	\$ 0.47
May-21	\$ 0.47	\$ 0.05	\$ 0.01	\$ 0.04	\$ 0.43
Jun-21	\$ 0.43	\$ 0.04	\$ 0.01	\$ 0.04	\$ 0.40
Jul-21	\$ 0.40	\$ 0.04	\$ 0.01	\$ 0.03	\$ 0.36
Aug-21	\$ 0.36	\$ 0.04	\$ 0.01	\$ 0.03	\$ 0.33
Sep-21	\$ 0.33	\$ 0.03	\$ 0.01	\$ 0.03	\$ 0.31
Oct-21	\$ 0.31	\$ 0.03	\$ 0.01	\$ 0.03	\$ 0.28
Nov-21	\$ 0.28	\$ 0.03	\$ 0.00	\$ 0.02	\$ 0.26
Dec-21	\$ 0.26	\$ 0.03	\$ 0.00	\$ 0.02	\$ 0.24
Jan-22	\$ 0.24	\$ 0.02	\$ 0.00	\$ 0.02	\$ 0.22
Feb-22	\$ 0.22	\$ 0.02	\$ 0.00	\$ 0.02	\$ 0.20
Mar-22	\$ 0.20	\$ 0.02	\$ 0.00	\$ 0.02	\$ 0.18
Apr-22	\$ 0.18	\$ 0.02	\$ 0.00	\$ 0.02	\$ 0.17
May-22	\$ 0.17	\$ 0.02	\$ 0.00	\$ 0.01	\$ 0.15
Jun-22	\$ 0.15	\$ 0.02	\$ 0.00	\$ 0.01	\$ 0.14
Jul-22	\$ 0.14	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.13
Aug-22	\$ 0.13	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.12
Sep-22	\$ 0.12	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.11
Oct-22	\$ 0.11	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.10
Nov-22	\$ 0.10	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.09
Dec-22	\$ 0.09	\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.08

**Note:** This calculation is based on interest charged monthly. Some credit card companies may charge interest on a daily basis — make sure to do your research!



### The cost of credit (*continued*)

You may have noticed that the payment for the months following the first month are less than \$100. Remember that the credit card company requires minimum payments per month which amounts to \$100 (\$1,000 x 10%) for the first month. As Jermaine pays off his principal balance of \$83.33 in the first month, he is left with a balance of \$916.67 in the second month. Therefore, the minimum payment for the second month is only \$91.67 (\$916.67 x 10%) in comparison to \$100 in the first month. This is due to the lower principal amount that is outstanding in the second month. The same idea goes for all other months. As you can see from this example, Jermaine paid over \$10 per month in interest for the first few months. However as he paid more of his principal payment, his interest decreased over time. Overall, it will take him over 9 years to pay off his total debt of \$1,000.

**Note:** In this calculation we used Effective Annual Rate (EAR) because Jermaine is paying more than once a year (he pays on a monthly basis). This means that as Jermaine is paying off a portion of the outstanding balance, his payments start to decrease more quickly as each month passes.

**Effective Annual Rate (EAR):** Annual rate of interest used when the interest charged occurs greater than once a year (called compounding). Here's an example:

*Alex borrowed \$1,000 with an annual interest rate of 10% and must be paid each month for 12 months. This means that at the end of 12 months, he will have to pay \$1,104.70.*

$$\text{Rate} = [(1 + i/n)^n] - 1 \qquad [(1 + .1/12)^{12}] - 1 = .1047 \text{ or } 10.47\%$$

*i = stated annual interest rate*  
*n = number of compounding periods*

**Annual Percentage Rate (APR):** Annual rate of interest that is charged for borrowing money and represents the actual yearly cost over the term of the loan. This is a simplified calculation that provides borrowers with a number that can be easily compared to rates charged by other credit cards. Here's an example:

*Alex borrowed \$1,000 with an annual interest rate of 10% and must be paid in a year. This means that in a year's time, he will have to pay \$1,100 [\$1,000 + (\$1,000 x .10)].*



## Bankruptcy and consumer proposals

### So what is bankruptcy?

Bankruptcy occurs when a person lacks financial resources and can no longer pay off their debts. In Canada anyone can file for personal bankruptcy if he or she owes more than \$1,000. Creditors who you owe money to may ask the Court to make an order for you to be placed in bankruptcy or you can voluntarily file for bankruptcy. In both cases a trustee in bankruptcy is required to administer your bankrupt estate.

No one wants to be in a situation where their expenses are so much greater than their income that they either file for bankruptcy or go through the process of a consumer proposal, but sometimes unexpected situations occur and you may find yourself in this situation.

If you are forced to file for bankruptcy the trustee in bankruptcy will help you collect all your assets and sell them if they have any value in order to obtain cash to pay off your creditors. They will also provide you with debt counseling, proposals for payment to your creditors, make arrangements with your creditors on your behalf and negotiate settlement agreements with them.

**Note:** Student loans are not forgiven under bankruptcies and consumer proposals.

### Consumer proposals

When people have significant debt the last thing they want to do is file for bankruptcy. This is where consumer proposals come in. Consumer proposals are similar to bankruptcy in the way that they help a person pay off his/her debt through settlement agreements. Consumer proposals have advantages over bankruptcy. The advantages of consumer proposals are:

- Creditors agree to a fixed payment amount, whereas under bankruptcy your payments, if any, may increase if your income increases.
- You will not lose any of your assets, unlike bankruptcy where you are required to surrender your assets.
- You do not have to report your monthly income to a trustee, whereas bankruptcy requires you to report any changes in your income.
- You are still entitled to all of your tax refunds and/or credits, whereas bankruptcy doesn't give you this option.

**Note:** Trustees are required by law to first investigate whether or not a consumer can qualify to file a consumer proposal before recommending to the consumer that they file for a bankruptcy.



## Bankruptcy and consumer proposals (*continued*)

In the following pages are statistics collected in regards to the trends of insolvencies (bankruptcies and consumer proposals) in the past 4 years from the Office of the Superintendent of Bankruptcy Canada. More information is available by visiting their website at <http://www.ic.gc.ca/eic/site/bsf->

Annual Consumer Insolvency Rates by Province and Economic Region—2014–2017  
(Per 1,000 Population Aged 18 Years and Older)

Province or Region	Rate	2014	2015	2016	2017
Canada	Insolvency	4.2	4.3	4.4	4.2
	Bankruptcy	2.3	2.3	2.2	2.0
	Proposal	1.9	2.1	2.2	2.2
Newfoundland and Labrador	Insolvency	3.6	4.3	5.6	5.8
	Bankruptcy	3.1	3.5	3.6	3.2
	Proposal	0.5	0.8	2.0	2.6
Prince Edward Island	Insolvency	6.2	7.0	6.9	5.7
	Bankruptcy	4.3	4.5	4.3	3.3
	Proposal	1.9	2.5	2.6	2.4
Nova Scotia	Insolvency	7.0	6.9	7.8	7.5
	Bankruptcy	5.0	4.8	5.5	5.0
	Proposal	2.0	2.1	2.3	2.5
New Brunswick	Insolvency	7.2	7.2	7.4	7.2
	Bankruptcy	5.0	4.7	4.8	4.1
	Proposal	2.1	2.5	2.6	3.2

## Bankruptcy and consumer proposals (*continued*)

Annual Consumer Insolvency Rates by Province and Economic Region—2014–2017  
(Per 1,000 Population Aged 18 Years and Older)

Province or Region	Rate	2014	2015	2016	2017
Quebec	Insolvency	6.3	6.6	6.5	6.2
	Bankruptcy	3.7	3.7	3.6	3.4
	Proposal	2.6	2.9	2.8	2.8
Ontario	Insolvency	3.8	3.7	3.6	3.4
	Bankruptcy	1.8	1.6	1.5	1.4
	Proposal	2.0	2.0	2.1	2.0
Manitoba	Insolvency	2.0	2.2	2.7	2.7
	Bankruptcy	1.3	1.3	1.5	1.4
	Proposal	0.7	0.9	1.2	1.3
Saskatchewan	Insolvency	2.4	2.7	3.6	3.7
	Bankruptcy	1.4	1.4	1.7	1.6
	Proposal	1.0	1.3	1.9	2.1
Alberta	Insolvency	2.6	3.1	4.0	4.0
	Bankruptcy	1.2	1.3	1.7	1.5
	Proposal	1.4	1.7	2.4	2.5

## Bankruptcy and consumer proposals (*continued*)

Annual Consumer Insolvency Rates by Province and Economic Region—2014–2017  
(Per 1,000 Population Aged 18 Years and Older)

Province or Region	Rate	2014	2015	2016	2017
British Columbia	Insolvency	3.1	3.1	2.9	2.6
	Bankruptcy	1.7	1.5	1.2	1.1
	Proposal	1.4	1.6	1.6	1.5
Yukon	Insolvency	1.5	1.3	2.0	1.3
	Bankruptcy	0.8	0.7	1.0	0.7
	Proposal	0.6	0.6	1.0	0.7
Northwest Territories	Insolvency	1.6	1.7	1.9	2.6
	Bankruptcy	0.8	0.9	1.1	1.6
	Proposal	0.7	0.8	0.8	0.9
Nunavut	Insolvency	0.3	0.3	0.4	0.2
	Bankruptcy	0.2	0.1	0.1	0.1
	Proposal	0.1	0.2	0.3	0.1

Overall, the trend is that while insolvency is staying relatively consistent, more Canadians are arranging consumer proposals than those that are filing for bankruptcy.

3.0% of all insolvencies are filed by young people between the ages of 18 and 24. 45% of all insolvencies are filed by people between the ages of 25 to 44. **Do not become a part of this statistic.** Live within your means.



## **Bankruptcy and consumer proposals (*continued*)**

In Ontario, a majority of the insolvencies belong to persons between the ages of 25 to 44 as they make up 45% of the insolvent population. The second highest percentage of insolvencies belong to persons between the ages of 45 to 64 at 41%. Based on a survey among 800 Canadians who declared bankruptcy over the 1996-1998 period, it appeared that ex-bankrupts were in their prime working-age years, had achieved lower levels of education, had lower household income and were more likely to have one or more dependants.

The Office of the Superintendent of Bankruptcy Canada has found some important facts regarding household spending and how much it affects consumer debt in Canada. Here are a few of the facts mentioned in the latest report:

- In 1980, the ratio of household debt to personal disposable income was 66%; that ratio has recently passed the 150% figure, this means that, in aggregate, households owed more than \$1.50 for every dollar of disposable income .
- The study insinuates that the more financial literate you are, the more debt you can 'afford' to have, as if you have the skills to manage your money, you can take on more debt. The report shows that people who had at least \$250,000 in household debt were more likely to perceive themselves as good financial managers.
- In 2016, households spent on average \$62,183 annually on goods and services ranging from clothing to communications. While overspending declines as household income increases, it is important to note that overspending also exists at higher income levels. Note that higher income is generally linked to higher spending, not overspending, although overspending can occur no matter the income level of the household.
- There has been an increase in average debt levels over time, ranging from \$15,000 to \$23,000. Keep in mind that a vast majority of in-debt households earn less than \$50,000 indicating that the debt range is quite large for their income.

For more information, please visit the Office of the Superintendent of Bankruptcy Canada at [www.ic.gc.ca](http://www.ic.gc.ca).



## Additional Resources

**Credit Canada** is a non-profit charity focusing on helping to educate Canadians on the importance of debt management and financial security . The website has a variety of questions and answers you may have regarding credit.

<https://creditcanada.com/>

**Financial Consumer Agency of Canada** includes various tools such as a Credit Card Selection Tool and a Credit Card Payment Calculator you can use.

[www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca)

**The Calculator Site** offers various types of calculators such as the Loan Calculator.

<http://www.thecalculatorsite.com/finance/calculators/loancalculator.php>

**MasterCard** website provides cardholder information and resources to help you understand credit card terms and conditions.

<https://www.mastercard.ca/en-ca.html>

**Visa** website also provides cardholder information and resources to help you understand credit card terms and conditions.

[www.visa.ca](http://www.visa.ca)

**Equifax Canada** is a credit bureau. To request a copy of your credit file, you may call 1-800-465-7166 or visit their website.

[http://www.consumer.equifax.ca/home/en\\_ca](http://www.consumer.equifax.ca/home/en_ca)

**TransUnion Canada** is a credit bureau. To request a copy of your credit file, you may call 1-800-663-9980 or visit their website.

<http://www.transunion.ca/>

**Office of the Superintendent of Bankruptcy Canada** is helpful to retrieve statistics on bankruptcies and consumer proposals in Canada as well as additional information and services relating to insolvencies.

<http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/home>

**Bankruptcy Canada** provides information on bankruptcy and consumer proposals.

<http://www.bankruptcy-canada.ca/emailUs.htm>

**Ryerson Library** acquires information sources that can help you learn more about managing your personal finances. Start with their helpful Financial Literacy Guide.

<http://learn.library.ryerson.ca/finlit>



## Credit Basics—QUIZ

### Question:

For the past four years of school, Sabina took on a part time job and each month she allocated a portion of her paycheque towards a *Graduation Fund*. Now that she's about to graduate, she decides to use her *Graduation Fund* towards a trip to the Dominican Republic. As she's about to purchase her ticket she realizes that she's short \$500. She only has two options — use a MasterCard Credit Card with a 20% interest rate and minimum payment of 10% per month or use a Visa Credit Card with a 17% interest rate but with a minimum payment of 15% per month. Considering her options and the rates provided, which of the credit cards should she use to pay the extra \$500 for her trip? Please show your calculations and explain your answer.

### Answer:



## Notes

This image shows a full page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, typical of notebook paper. There are no margins, text, or other markings on the page.



## Notes

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



## PAYING FOR SCHOOL

### Education financing options

The average undergraduate tuition fees for full-time university students in Canada is \$6,571 in the 2017/2018 school year, a 3.1% increase in comparison to the year before which was \$6,375. In Ontario alone the average is greater at \$8,114 per year. Not many students can afford to pay for school by themselves and need help—this is where financial aid kicks in. The different sources of financial aid are explained below.

#### Scholarships and awards

Scholarships and awards are your best source of financial aid because they don't have to be paid back. In order to receive funding you will have to apply for them and meet certain criteria. If you are approved then you will receive money to use for school.

Ryerson University offers a vast selection of scholarships and awards to all students regardless of nationality who meet certain qualifications. Current and incoming students can apply for these scholarships and awards. The qualifications for them vary depending on the kind of scholarship and/or award. Ryerson University also offers entrance scholarships, program specific awards, faculty wide awards and special category awards. For more information, please visit:

<https://www.ryerson.ca/admissions/scholarships-awards/>

There are also other organizations outside of Ryerson University who provide students with scholarships and awards. Below are a few of the websites where organizations have offered scholarships and awards to deserving students:

[www.studentawards.com](http://www.studentawards.com)

[www.scholarshipscanada.com](http://www.scholarshipscanada.com)

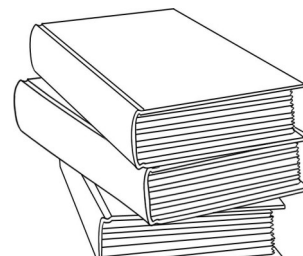
[www.aucc.ca](http://www.aucc.ca)

[www.canlearn.ca](http://www.canlearn.ca)

[www.schoolfinder.com](http://www.schoolfinder.com)

[www.studenttimes.com](http://www.studenttimes.com)

Make sure to also visit Ryerson Library's Financial Literacy Guide—Money for School: <http://learn.library.ryerson.ca/finlit/moneyforschool>



#### Fun Facts!

For the 2016/2017 year, Science programs consistently ranked at the top for highest tuition fees. University students in dentistry paid the highest average tuition fees at \$22,297. They were followed by students in medicine at \$14,444 and pharmacy at \$10,279.

Outside of Science, the most expensive program is the executive master of business administration program with tuition fees on average of \$51,891 for the 2016/2017 year.



## Government student loans

The most common form of financial aid is a government student loan. To qualify you must meet the following criteria:

- Be a Canadian citizen, a permanent resident of Canada or designated as a protected person;
- Be a permanent resident of a province or territory that issues Canada Student Loans (please note that the Northwest Territories, Nunavut and Quebec have their own student loan programs);
- Demonstrate financial need;
- Be enrolled in at least 60% of a full course load (40% for students with permanent disabilities) if you are a full-time student;
- Be enrolled in 20%-59% of a full course load if you are a part-time student (if you are a student with permanent disabilities and you are studying between 40%-59% of a full course load, you can choose to be considered a student in full or part-time studies);
- Be enrolled in a degree, diploma or certificate program offered by a designated post-secondary school that runs for at least 12 weeks within a 15-week period;
- Pass a credit check if you are 22 or older and are applying for your first Canada Student Loan;
- Not have exhausted your maximum lifetime limit for financial assistance (including interest-free status).

To get 30% off of Ontario Tuition you must qualify for similar criteria:

- Be a Canadian citizen, a permanent resident, or a protected person;
- Be an Ontario resident ;
- It has been less than four years since you left high school;
- Your parents' gross income is \$160,000 or less;
- You're in a program that you can apply to directly from high school; and,
- You're not restricted from receiving an Ontario Student Loan (e.g., you're not in default or have an academic restriction).



## OSAP TIPS

*OSAP has many application due dates/ deadlines to allow you to get your tuition just in time for the academic year*

*You'll have to launch a new OSAP application for every academic year that you need the funding*

*For more clarification on how much funding you'll receive and how much you'll have to payback, use the aid and repayment estimators on the OSAP website!*

*Students have the option to put the funding into their bank account or pay the school directly. Students are always advised to pay the school directly!*



## Government student loans (*continued*)

In Canada, the federal and provincial governments joined together to provide financial assistance to students through the Canada Student Loans Program (CSLP). Here's how it works: when applying for financial assistance in Ontario, you have to fill out an application through the Ontario Student Assistance Program (OSAP). OSAP covers both the federal and provincial funding, therefore you are automatically considered for both types of funding through your application. After filling it out online you will be approved or denied for student loans and/or grants, depending entirely on your personal financial situation.

There are two types of rates that are charged on your OSAP loans — provincial rate and federal rate. The provincial rate is the prime rate of interest plus 1%. The federal interest rate can be the prime rate of interest plus 2.5%. Additionally, the Ontario portion of your OSAP loan is interest free during the 6 month grace period while the federal portion will grow in interest until it is paid off.



### *Did you know?*

*Data from the Ontario Undergraduate Student Alliance (OUSA) shows that out of 9,000 survey responses, 60% of Ontario students applied for government financial aid and only 84% qualified.*

*16% of the same respondents applied for a private bank loan or line of credit, with 60% of them saying they did so because government aid was insufficient to meet their financial need.*

*The data from OUSA also shows that students in financial need were far less likely to receive merit-based scholarships than their more affluent peers.*



### Government student loans (*continued*)

The prime rate is the loan interest rate that a financial institution uses as a base to calculate interest rates. The prime rate as of January 2018 in Canada is 3.45%. Generally loans from banks are based on the prime rate plus an additional rate charged to the borrower to allow a bank to make a profit on loans.

The differences between student loans and bank loans are stated below:

- You don't need to get someone to guarantee your student loan when using government student loans. Non-government student loans may require you to have a guarantor for your loan.
- Government student loans interest does not have to be paid by students with full or part-time federal student loans until they have left post-secondary education or have reached their lifetime limit for assistance. Non-government student loans charge you interest while you are in school.
- Non-government student loans must be paid back immediately after receiving the loan whereas government student loans don't have to be paid back until 6 months after leaving post-secondary education (interest will accrue as soon as you are out of school, except in Ontario and Newfoundland).
- Repayment assistance is provided to you if you have trouble paying back your government student loans. Non-government student loans typically don't have repayment assistance programs.

Full-time students may be eligible for the following loan and grant programs:

- **Canada-Ontario Integrated Student Loan:** Must be repaid after the completion of your studies.
- **30% off Ontario Tuition:** Money given to students in Ontario which does not have to be repaid. For the 2016-2017 school year, university and college students can receive up to \$1,900, with even more money expected to be given in the 2018-2019 school year.
- **Ontario Access Grant:** Given to first and second-year students from low and moderate-income families; this grant does not have to be paid back.
- **Ontario Access Grant for Crown Wards:** Grant for current or former crown wards; this grant does not have to be paid back.
- **Canada Student Grant for Persons with Dependents:** Grant for students who have dependants, which does not have to be paid back.
- **Canada Student Grant for Persons from Middle-Income Families:** Grant for students from middle-income families, which does not have to be paid back.
- **Canada Student Grant for Persons from Low-Income Families:** Grant for students from low-income families, which does not have to be paid back.



### Government Student Loans (*continued*)

- **Canada Student Grant for Persons with Permanent Disabilities:** Grant for students with permanent disabilities, which does not have to be paid back.
- **Ontario Distance Grants – Travel or Commuting:** Grant for students with a home address that is 80 kilometers or more from the closest college or university; this grant does not have to be paid back.
- **Ontario Living and Learning Grant:** Grant for students enrolled in full-time post secondary studies aged 21 to 24 who were previously eligible for the Continued Care and Support Youth allowance (or Extended Care and Maintenance allowance) from their Children's Aid Society. This grant does not have to be paid back.
- **Child Care Bursary:** Given to students who have three or more children in certain categories, with each child having child care costs. This bursary does not have to be paid back.
- **Ontario Student Opportunity Grant:** Grant for full-time students who have received a Canada-Ontario Integrated Student Loan(s) and applied automatically to your OSAP application. This grant does not have to be paid back.

Part-time students may be eligible for the following loan and grant programs:

- **Part-Time Canada Student Loan:** Must be repaid after the completion of your studies.
- **Canada Student Grant for Persons with Permanent Disabilities:** Grant for part-time students with permanent disabilities; this grant does not have to be paid back.
- **Canada Student Grant for Part-Time Studies:** Grant specific to students who are in part-time studies; this grant does not have to be paid back.
- **Canada Student Grant for Part-Time Students with Dependents:** Grant given to part-time students with dependents, which does not have to be paid back.
- **Ontario Part-Time Grant:** Additional grant given to part-time students, which does not have to be paid back.

For more information regarding the grant and loan programs listed above, please visit:

<http://www.ontario.ca/education-and-training/osap-ontario-student-assistance-program>

### Bank loans

Bank loans are the least popular type of financial aid to pay for post-secondary education because of the higher interest rates and fees charged. However, some students need bank loans if the government student loans are not enough to cover all of their expenses.



### **Bank loans (*continued*)**

Various banks offer these student loans with lower interest rates and charges but are still higher than the government student loans. For example, TD Canada Trust offers undergraduate full-time students up to \$15,000 per year to a maximum of \$60,000 over 4 years of study. However, you must pay monthly payments right after you take out your loan. The rates are competitive and vary depending on your financial institution and situation. To learn about the specific rates offered, talk to your financial institution.

### **Self-funded**

Some students have saved some money to pay for school through summer jobs or part-time jobs. Some may also have parents who have a Registered Education Savings Plans (RESP), which must be claimed within 6 months of the term completed. Either way, this source of income is very beneficial to you in paying for school. If you are lucky enough to be self-funded you will require fewer or no financial assistance from other sources. Your parents and relatives may also be able to contribute to your school fees.

Additionally the Career Development and Employment Centre at Ryerson can help you with a job search through the Career Vault, Work Study Programs, one-on-one appointments, cover letters, resumes and more! Contact them at [career@ryerson.ca](mailto:career@ryerson.ca) or call them at 416-979-5177 to book an appointment.

## **Qualifying for government funding—grants and bursaries**

### **Canada Student Grants**

A Canada Student Grant is extra money provided by the government to pay for post-secondary education for college or university students from most provinces except those from the Northwest Territories, Nunavut and Quebec whose governments have their own programs. This amount does not have to be paid back.

When you apply for student financial assistance, for example through OSAP you are automatically considered for all types of Canada Student Grants. You may be able to receive more than one grant, depending on your situation. Keep reading to learn more about the specific Canada Student Grants available to students who reside in Canada.

Canada Student Grants are only available to students who reside in Canada. If you are a student in Canada who wants to study outside of Canada, you can find more information on grants here:

<http://www.scholarships-bourses.gc.ca/scholarships-bourses/index.aspx>

### Canada Student Grants for students from low-income families

This type of grant is given to students who come from low-income households. The grant provides you with \$250 per month of study, which totals to \$2,000 (\$250/month x 8 months) for the school year.

In Ontario, a student is considered to be from a low-income family for the 2014-2015 academic year if the total household income is:

Figure 1

Family Size	Ontario
1 person	\$23,883
2 persons	\$29,734
3 persons	\$36,555
4 persons	\$44,381
5 persons	\$50,337
6 persons	\$56,771
7 or more	\$63,207

Eligibility for the grant depends if you:

- Apply and qualify for student financial assistance such as OSAP in Ontario;
- Are from a low income family as defined by the table in *Figure 1*; and
- Are enrolled full-time in a program that is at least 2 years in duration (60 weeks) at a designated post-secondary institution.

### Canada Student Grants for students from middle-income families

This grant is given to students from middle-income families and provides \$100 per month of study, for a total of \$800 (\$100/month x 8 months) for the school year.

In Ontario, a student is considered to be from a middle-income family for the 2014-2015 academic year if the total household income is:

Figure 2

Family Size	Ontario
1 person	\$43,184
2 persons	\$60,458
3 persons	\$75,056
4 persons	\$85,415
5 persons	\$93,455
6 persons	\$100,014
7 or more	\$105,570

Eligibility for the grant depends if you:

- Apply and qualify for student financial assistance such as OSAP in Ontario;
- Are from a middle income family as defined by the table in *Figure 2*; and
- Are enrolled full-time in a program that is at least 2 years in duration (60 weeks) at a designated post-secondary institution.

## Canada Student Grant for Full-Time Students

The Canada Student Grant for Full-Time Students is available to students from low- and middle-income families who are enrolled in a full-time undergraduate program at a designated post-secondary institution. You could receive up to \$3,000 per eight month school year (up to \$375 /month x 8 months) for the school year.

Eligibility for the grant depends if you:

- Apply and qualify for student financial assistance such as OSAP in Ontario;
- Are from a low– or middle income family for the 2018-2019 academic year as defined by the table in *Figure 1*; and
- Are enrolled full-time in a program that is at least 2 years in duration (60 weeks) at a designated post-secondary institution.

Figure 1

Family Size	For Maximum Grant (if family income is less than these amounts for family size, student qualifies for maximum grant)	For grant cut-off (if gross family income is at or above these amounts for family size, the student does not qualify for grant)
1 Person	\$30,000	\$61,513
2 Persons	\$42,426	\$86,031
3 Persons	\$51,962	\$102,638
4 Persons	\$60,000	\$112,817
5 Persons	\$67,082	\$122,229
6 Persons	\$73,485	\$131,177
7 or More Persons	\$79,373	\$138,897





### Canada Student Grants for Full-Time Students with Dependants

This grant gives you \$200 each month for every dependant child you have and is eligible for students who are in full-time studies, both in the undergraduate and graduate levels. To be eligible, you must meet the following requirements:

- Apply and qualify for student financial assistance such as OSAP in Ontario;
- Are from a low-income family as defined by the Canada Student Loans Program (*Figure 2 below*, List of all provinces on Canada Student Loans website);
- Are enrolled in a degree, diploma or certificate program at a designated post-secondary institution;
- Have a dependant who will be under 12 years of age at the beginning of the study period (or a dependant 12 years of age or older with a permanent disability).

### Canada Student Grants for Part-time Studies

This grant gives you up to \$1,800 each school year (August 1 to July 31st). The grant is available to those enrolled in a part-time program that is at least 12 weeks long within a 15-week period at a designated post-secondary institution.

In Ontario, a student is eligible for the grant for part-time students for the 2016-2017 academic year if the total household income is:

*Figure 2*

Family Size	Ontario
1 person	\$24,747
2 persons	\$30,811
3 persons	\$37,878
4 persons	\$45,987
5 persons	\$52,159
6 persons	\$58,827
7 or more	\$65,495

**Note:** Low income thresholds for pre tax incomes for the 2016-2017 year, subject to be expanded on August 1, 2018, for the 2018-2019 school year

Eligibility for the grant depends if you:

- You are enrolled in a part-time program (at least 12 weeks long within a period of 15 weeks in a row) at a designated post-secondary institution;
- Apply and qualify for part-time student financial assistance such as OSAP in Ontario;
- You and your spouse are from a low income family as defined by the table in *Figure 2*; and
- You have successfully completed all courses for which you previously received a grant.



### **Canada Student Grants for Part-Time Students with Dependants**

If you are a part-time student with dependants you may qualify for a maximum of \$40/week of study if you have one or two dependants; a maximum of \$60/week of study if you have 3 or more dependants or up to a maximum of \$1,920 per school year. Eligibility for the grant depends if you:

- Apply and qualify for student financial assistance such as OSAP in Ontario;
- Are enrolled in a part-time program which is at least 12 weeks long within a period of 15 weeks in a row at a designated post-secondary institution;
- Have a dependant who will be under 12 years of age at the start of the study period (or a dependant 12 years of age or older with a permanent disability);
- You and your spouse or common-law partner have a low family income as defined by the Canada Student Loans Program;
- The province or territory where you have most recently lived for at least 12 months in a row, assesses that you have enough financial need.

### **Canada Student Grants for students with permanent disabilities**

This grant provides \$2,000 each school year to students with permanent disabilities, in undergraduate and graduate levels. Eligibility for the grant depends if you:

- Apply and qualify for student financial assistance such as OSAP in Ontario;
- Are enrolled in a full-time or part-time program at a designated post-secondary institution;
- Meet the criteria for students with permanent disabilities; and
- Include one of the following with your loan application as proof of your disability: a medical certificate, a psycho-educational assessment, or documents that prove you have received federal or provincial permanent disability assistance.



### **Canada Student Grants for services and equipment for students with permanent disabilities**

If you require education-related services or equipment, you may be eligible to receive this grant, which offers up to \$8,000 per academic year (August 1 to July 31) for each year of studies after high school (including undergraduate and graduate levels), provided you continue to meet the eligibility criteria. Eligibility for this grant depends if you:

- Apply and qualify for student financial assistance such as OSAP in Ontario;
- Are enrolled in a full-time or part-time program at a designated post-secondary institution;
- Meet the criteria for students with permanent disabilities;
- Include one of the following with your loan application as proof of your permanent disability: a medical certificate, a psycho-educational assessment, or documents that prove you've received federal or provincial disability assistance;
- Provide written confirmation that you are in need of exceptional education-related services or equipment from a person qualified to determine such need;
- Show, in writing, the exact cost of the equipment and services.

### **Other sources for grants**

Provinces and territories also offer their own programs to help students pay for post-secondary education. For more information on the provincial and territory specific grants and bursaries, go to:

<http://www.canlearn.ca/eng/common/help/contact/provincial.shtml>

### **What happens if my student account is in arrears?**

When paying your school fees at Ryerson University you must pay them at the beginning of each semester as they are due on a per term basis. If you don't late fees will be added to your account monthly which you will be required to pay. There are specific due dates for tuition fee payments so make sure to check <https://www.ryerson.ca/calendar/2018-2019/dates/> to determine when the exact due dates are for the school year. Students who have an outstanding balance on their accounts after the due dates will be charged late fees equal to a monthly rate of 1.25% until it is paid off. Additionally, if your account balance is seriously past due, your student account will be blocked and any enrolment activity or issuance of official Ryerson University documentation (i.e. transcripts, semester grades) will be denied until payment of your account has been received.



## **What happens if I don't pay my tuition on time?**

At Ryerson University we realize that paying tuition and ancillary fees on time can sometimes be extremely difficult based on an individual student's financial situation. We have developed a stepped process to ensure students pay their fees on time or relatively on time without having to take any drastic collection action.

### **Ryerson University Collection Services policy and process**

#### *Mission Statement*

Ryerson University Collection Services has the goal to maximize the university's cash flow and achieve minimal student account delinquency. We do this by dealing with our students in a fair and equitable manner, while at the same time being consistent and firm in our application of university fee payment and collection policies. We will work with our students to resolve past due payment issues and will make every attempt to keep our collection efforts in house. We will be professional and accountable in interactions with our internal and external customers with the aim of resolving nonpayment situations before they become unmanageable.

#### *Collection Services Contact*

Collections Hotline – 416-979-5071

Collections Email – [collections@ryerson.ca](mailto:collections@ryerson.ca)

Website: <http://www.ryerson.ca/financialservices/collections>

### **Appeals**

All Ryerson students have the right to appeal fee assessments, final grade, academic standing and/or seek confidential advice and assistance with problems unresolved through regular University channels. Students should review the information in the Ryerson Calendar, the Ryerson Student Guide, and the Continuing Education Calendar before they request an appeal. Please note that the appeal deadline is published in the calendar. For more information on the appeal process at Ryerson, please refer to the RSU appeals page at: <http://www.rsuonline.ca/academic-advocacy>

### **Bankruptcy and consumer proposals**

Filing for bankruptcy or entering into a consumer proposal with creditors is a very serious matter. Before considering these options, students should explore all of the financial options available to them. Filing for bankruptcy or a consumer proposal will have a serious impact on credit worthiness for many years to come and may limit future employment opportunities.



## **What happens if I don't pay my tuition on time? *(continued)***

### **Bankruptcy and consumer proposals *(continued)***

Students who have filed for bankruptcy or a consumer proposal and wish to continue their education at Ryerson will be required to pay for their tuition and ancillary fees in advance for all further courses no matter which career stream or program they may be enrolled in. For further information on Bankruptcy and Insolvency please visit the site of the Office of the Superintendent of Bankruptcy at:

<http://www.ic.gc.ca/eic/site/bsf-osb.nsf/eng/home>

### **Removing a fee assessment**

A student who comes into collections for non-payment of fees and is in dispute for all or part of assessed fees may appeal the fee assessment as long as they have met the deadlines established by the appeals office, (see Appeals above). The findings of any appeal process will determine whether fees will be confirmed, reversed or adjusted.

### **Collection agency**

A student who comes into collections for non-payment of fees and is unwilling to pay or negotiate a payment plan to pay their account arrears (with no mitigating reasons) will have their account sent to a collection agency after internal collections has made all reasonable efforts to collect the arrears. While this action may eventually result in a write off of fees for accounting purposes only, the debt will still be considered due and students are still responsible to pay their tuition fees and all accrued late fees in full.

The assignment of a student account to a collection agency will impact an individual's future ability to obtain credit.

### **Payment options**

Once a student account comes into collections the only authorized methods of payment are:

#### In person by:

Credit Card; (at Collections request only);  
Debit Card; and

#### Online by:

Bank Payment (Electronic Funds Transfer); and  
Western Union

Students who can demonstrate temporary financial hardship may be granted a short Payment Plan not to exceed one (1) term or four (4) months in length. Payment options remain the same as above.

Contact Collection Services for assistance on how to pay your student account.



## What happens if I don't pay my tuition on time? *(continued)*

### Service indicators and account holds

Student accounts can be put on hold for non-payment of fees. These service indicators will block the student from further course enrolments until their account is paid in full. Account holds are generated automatically based on the length of time an account is overdue. An account may also be placed on hold at any time by Collection Services staff if it is determined that the risks of non-payment are high.

Account holds generate negative service indicators on student accounts that can prevent a student from obtaining course transcripts, graduation documents including a graduation confirmation letter, etc...

The chart below indicates collection steps that are used to recover past due student fees:

Steps	Action	Consequence
Step 1: 31 days overdue	Student account is transferred to collection services. Email and phone calls made to students in order to recover overdue amounts.	Account hold denying transcripts, graduation documents and other services. Students may still add or drop courses.
Step 2: 61 days overdue	Email and phone calls to students continue if not resolved by Step 1.	Account hold denying further enrollment, transcripts, graduation documents and other services.
Step 3: 91 days overdue	Email and phone calls to students continue and formal written letter sent to student if not resolved by Step 2.	Account hold denying further enrollment, transcripts, graduation documents and other services.
Step 4: 121 days overdue	Email and phone calls to students continue and formal written letter sent to student if not resolved by Step 3.	Account hold denying further enrollment, transcripts, graduation documents and other services.
Step 5: 151 days overdue	Email and phone calls to students continue if not resolved by Step 4.	Account hold denying further enrollment, transcripts, graduation documents and other services.
Step 6: 181 days overdue	Final email and phone call made to student advising that their account will be sent to a collections agency if not resolved by Step 5.	Account is assigned to a collection agency which will at minimum generate a negative occurrence on the student's credit report.



## **What happens if I don't pay my tuition on time? *(continued)***

### **Service indicators and account holds *(continued)***

During the whole collection process of up to 181 days, Collection Services will work with students who are having difficulty paying their fees in full and will try to set up a payment plan that will clear past due amounts before the start of the next semester.

Once a student account has been assigned to a collection agency it will not be withdrawn until paid in full except in extraordinary circumstances as determined by the Manager of Collection Services.

### **Is one-on-one confidential financial counseling available at Ryerson?**

Absolutely! You can speak to Student Financial Assistance Office at 416-979-5113 regarding any matters relating to your OSAP or other funding. To learn more about the various sources of funding that are available to you to pay for school email [finaid@ryerson.ca](mailto:finaid@ryerson.ca) or you may visit them in POD59 at 350 Victoria Street.

If you want to have a face-to-face meeting with the Manager of Collections Services to discuss your financial situation in order to come to a viable solution for paying your fees, you should contact Credit and Collections Services at 416-979-5071 or email [collections@ryerson.ca](mailto:collections@ryerson.ca).

If you have a collection hold on your account or are past due in your tuition payments, once again you should contact Credit and Collections Services at 416-979-5071 or email [collections@ryerson.ca](mailto:collections@ryerson.ca).

The Centre for Student Development and Counseling is also available for you to meet with a counselor for any help you need on personal matters. You may call them at 416-979-5195 or visit them online and book an appointment at [www.ryerson.ca/counselling](http://www.ryerson.ca/counselling).



## **Income Tax Return Benefits**

### **Students who know the tax rules get extra credit**

Income tax is likely to be far from your minds as a student, but the range and extent of tax relief available to you means that a little study in this area can really pay off. Not only can students stand to benefit from various deductions and credits, some tax credits can even be transferred to parents or other family members. It is often these people who help pay for a student's education.

### **Why students should file an income tax return**

A student with low income and no tax to pay might be reluctant to spend time filing an income tax return, but it is still a good idea for students to file a return even when it's not strictly necessary.

Filing a return helps establish carry forward amounts that can be used in future years. For example, income from a part-time job can generate Registered Retirement Savings Plan (RRSP) contribution room for the future, allowing the student to contribute and claim a tax deduction in a future year when their income is higher. The amount of contribution room will be included on the student's notice of assessment so both the student and the Canada Revenue Agency (CRA) have a record of it. Students can also access free tax return preparation software from CRA's website that will allow them to "NETFILE" their income tax returns.

There are a number of refundable tax credits such as GST/HST credit and certain provincial tax credits in relation to rent or property taxes paid in the year that will generate payments from the government. Beginning in 2014, individuals no longer have to check the box on their return to claim the GST/HST credit, but a return must still be filed for CRA to determine whether a student is eligible to receive the credit.





## Income Tax Return Benefits

### Student income and financial assistance

Students rely on several types of funding to cover their education and living expenses and each type comes with different tax considerations.

#### Student loans and lines of credit

Borrowed money in the form of government loans or a line of credit from a financial institution may be used to cover tuition and living expenses. Students can claim a non-refundable tax credit for interest paid on loans made under the *Canada Student Loans Act* or *Canada Student Financial Assistance Act* and similar provincial laws. Unlike a number of other education related credits, this credit is not transferable. However, if a student (or former student) can not use the credit in the year the interest is paid it can be carried forward for up to five years. Its important to note that the tax credit is not available for interest paid on a student line of credit.

#### Registered education savings plans (RESP's)

Parents who have established an RESP for their children can use the income earned in plan as well as the initial capital to pay tuition and away from home living expenses. Income withdrawn from an RESP to assist with the cost of a students post secondary education is included in the students income rather than the parents income. Assuming that virtually no tax will be payable by the student on this income means that pre tax dollars are being used to finance education.

#### Employment income

Employers should provide all employees with a TD1 form to help the employer to calculate how much tax to withhold from an employees pay. Employed students should complete this form carefully and include tuition, education and textbook amounts to reduce tax withholdings from their pay. A student who expects personal credits, e.g. basic personal exemption and tuition to be more than there total income for the year can check a box on page 2 of the TD1 so that the employer will not withhold any tax from their pay. A student who is an employee during the year is also entitled to claim the Canada Employment amount tax credit.



## **Income Tax Return Benefits**

### **Scholarships**

If a student is fortunate enough to receive a scholarship, fellowship, or bursary, not only is it great financial assistance, but it is likely also tax free. Research grants, however, must be included in income but related expenses such as travel or fees paid to an assistant may be claimed as a deduction against income.

### **Student Expenses**

Several deductions and tax credits can help students offset the cost of tuition and books, but also some of the living costs associated with studying away from home such as moving expenses and public transit.

### **Tuition and related tax credits**

Federal and provincial personal tax credits are available to students for tuition and various ancillary fees. Your educational institution will provide you with a slip that has the total eligible tuition fees paid as well as the months you were enrolled either part-time or full-time.

### **Transfer of unused education related tax credits**

Many students don't earn enough to fully use these credits. In this case for federal purposes, up to \$5000 of unused tuition, education and textbook amounts can be transferred to close family members such as a spouse, parent or grandparent who can use these amounts in their own tax returns. Any amounts not used by a student and not transferred can be carried forward and used, but only by the student in any subsequent year.

### **Child care expenses**

Students can deduct child care expenses paid to allow them to attend school and in the case of couples the higher income spouse or common law partner may claim the deduction. This is an exception to the normal rule which requires the lower income individual to claim the child care deduction. The maximum amount that can be claimed varies with the age of each child.



## **Income Tax Return Benefits**

### **Moving expenses**

Related moving expenses may be deductible by students who attend university at least 40 km away from home on a full time basis, even if its out of the country. However, the deduction can only be claimed against certain types of income. A student who moves to attend school can only deduct the moving expenses from taxable scholarship, fellowship, bursary, certain prizes and research grants income. If a student moves back home or somewhere else for a summer job the costs of that move can be deducted from income earned from the summer job, but not for employment income earned during the school year. A co-op student can also claim expenses of moving back after a work term.

If moving expenses can not be deducted in the year incurred, they can be carried forward to the next year and claimed against the same types of income. Parents cannot claim student moving expenses even if they paid for them.

### **Other tax planning considerations**

#### **RRSP's, the benefit of compounding**

The last thing a student is likely to be thinking about is retirement, but don't dismiss RRSP contributions. Small contributions today can result in sizable capital sums many years down the road. Since there would likely be no immediate tax benefit from the contribution remember that the deduction can be claimed in a future year when you are earning more income to reduce your tax obligation .

#### **Accommodation**

For students 18 and older living way from home, parents might even consider advancing funds to purchase the house/condo in which they'll be living during their time at university. The gain on the eventual sale of the property will be sheltered by the students principal residence exemption. If rooms are rented to other students to help with carrying costs a reasonable portion of expenses can be deducted from rental costs earned.



## Additional Resources

To get more information on paying for your tuition, visit these resources and ask questions! It's important to know the resources you have for your needs.

**OSAP** will provide you with all the information you need with regards to government loans and grants. There are also useful Q&As that may be applicable to you.

<http://www.ontario.ca/education-and-training/osap-ontario-student-assistance-program>

**CanLearn** helps with saving, planning and paying for post-secondary education.

<http://www.canlearn.ca/eng/index.shtml>

**Ryerson University Student Financial Assistance Office** can direct you on how to pay your fees using the various resources you have such as OSAP and scholarships.

<https://www.ryerson.ca/sfa/>

[https://www.ryerson.ca/studentguide/financial\\_assistance/](https://www.ryerson.ca/studentguide/financial_assistance/)

**Fund Your Future** provides comparison of government student loans and student lines of credit. This may be helpful to you if you're considering taking government loans to pay for school or taking credit from a bank.

<http://www.fundyourfuture.ca/manageyourmoney/govloanvsloc.aspx>

**Get Smarter About Money** is an online tool you can use to calculate your student loans and when you'll be able to pay it back, based on your income and expenses.

<https://www.getsmarteraboutmoney.ca/calculators/pay-debt-invest/>

**Western Union** is the service used for international bank to bank transfer. International students can use Western Union to pay fees to the University.

<http://www.ryerson.ca/internationalservices/newarrivals/westernunion.html>

**Ernst & Young** is an international Audit, Tax and Advisory firm.

<http://www.ey.com/ca/en/services/tax/managing-your-personal-taxes>

**Ryerson Library** acquires information sources that can help you learn more about managing your personal finances. Start with their helpful Financial Literacy Guide.

<http://learn.library.ryerson.ca/finlit>



## Paying for School—QUIZ

Figure out how much money you need to pay for school. If you are in your later years, look back to your previous school years and determine how much you saved from your sources of income. Now, determine how much in total your tuition is for 4 years and any additional expenses you may incur. Below is a table to write down all your fees and income specific to school. Keep in mind that the table is a starting point for you to write down your expenses — feel free to add on to the list as it applies to you.

	Year 1	Year 2	Year 3	Year 4
Tuition				
Books				
Rent				
Food				
Entertainment				
Transportation				
<b>TOTAL</b>				

Faculty	Fee Range
Arts	\$7,419—\$7,641
Community Services	\$7,421—\$8,173
Communication and Design	\$7,478—\$8,054
Engineering and Architectural Science	\$10,978—\$11,681
Ted Rogers School of Management	\$9,320—\$9,956
Faculty of Science	\$7,358—\$9,951

If you're wondering how much fees a full-time undergraduate student pays in a year on average, check on your left. These fees are from the 2017-2018 academic year, and the trend is that tuition fees are going up from year to year. The fees are divided by faculty. If you want more detailed information, you can go online to:

<https://www.ryerson.ca/registrar/fees/detail/>



## Notes

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



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## LIFE AFTER SCHOOL

### I've graduated—now what?

Congratulations! All the hard work you've put into school has finally paid off. It's time for you to step into the real world — get a job, pay off your loans and start thinking about saving money for a mortgage, marriage, retirement and so on. Graduation is the first step to entering the real world and the full time job market. With graduation comes a lot of freedom, but also a lot of responsibility. Here are some things you should keep in mind once you've graduated.

### Student loan repayment

Now that you're done school the interest on your government student loans will start to add up, and in 6 months your loans will be due for repayment. Remember when we talked about opening a savings account and making periodic deposits? Well, this is where some of your savings may end up going to—paying off your student loans.

To pay off your loans and learn about the repayment options contact the National Students Loans Service Centre (NSLSC) at 1-800-815-4514. NSLSC deals with anything relating to your student loans and your payment options.

### Grace period on your loans

After graduation you are given a 6 month grace period which means that you are not required to start repaying your student loans until the 7th month. Keep in mind however that in Ontario you are still accruing interest in these 6 months regardless of whether or not you pay your loans now or after the grace period.

### How long do you have to pay off your loans?

In Ontario you have a total of 9.5 years to pay off your loans in full. There is the possibility of increasing the number of years you have for repayment to 14.5 years, but this is only available if the NSLSC approves your request.



#### Fun Facts!

*Most high-demand jobs in Canada require a university degree.*

*Employers are seeking graduates with analytical skills, problem-solving abilities and strong communication and interpersonal skills.*

*Between 2016 and 2017, Canadian employers added over 400,000 full-time positions*

***Note:** Some potential employers will check your credit rating before making a hiring decision.*





### **Student loan repayment (*continued*)**

If you don't repay your government student loans you will end up being in default. What this means is that your debt will be turned over to a collection agency and it will be reported to your credit file (this affects your credit score and rating). Your income tax refund and HST rebate may also be withheld and applied to your debt. Interest will continue to build up on the unpaid balance of your loans. Keep in mind that if you have a bad credit score and rating you may be declined any future OSAP funding if you decide to return to school. This occurs if your credit report shows that you have been 90 days in arrears in the past 3 years on 3 or more of your credit accounts if the value of these credit accounts is \$1,000 or more.

Below are other situations which may affect your eligibility for further OSAP:

- Filing for bankruptcy under the Bankruptcy and Insolvency Act (Canada BIA);
- Making a consumer proposal under the BIA that is approved or deemed to be approved by a court under that Act;
- Obtaining a consolidation order under the BIA;
- Filing a document seeking relief for the orderly payment of debts; or
- Failing a credit check.

OSAP will also perform a credit check on all students who apply for funding, unless the student falls into one of the following:

- A credit check is not required for a student who is under the age of 22 at the time that they submit their OSAP application; or
- A credit check is not required for a student who has previously received student loans (in any year).

### **Assistance and support available**

There is financial relief to those who need help repaying their student loans. You may be eligible for the Repayment Assistance Plan, which allows you to make lower payments. How does it work? If approved, your new payment will be calculated based on your family income, family size and outstanding debt. While you're paying your loan the provincial and federal government may reduce or eliminate the interest on your student loan. Keep in mind that as your income grows, your payments will also grow, up to a maximum of 20% of your overall family income.



## Assistance and support available (*continued*)

### Applying for the Repayment Assistance Plan

If you want to receive financial relief or help with repayments you must apply by filing out an application online through your NSLSC account. You will only need to apply once to receive both federal and provincial government relief and must re-apply for the new plan every 6 months.

### Perspectives on the current job market

New grads are finding it difficult to find employment due to current limited positions in the market. This has been caused in part by the recession of 2008 and older workers staying in their jobs longer.

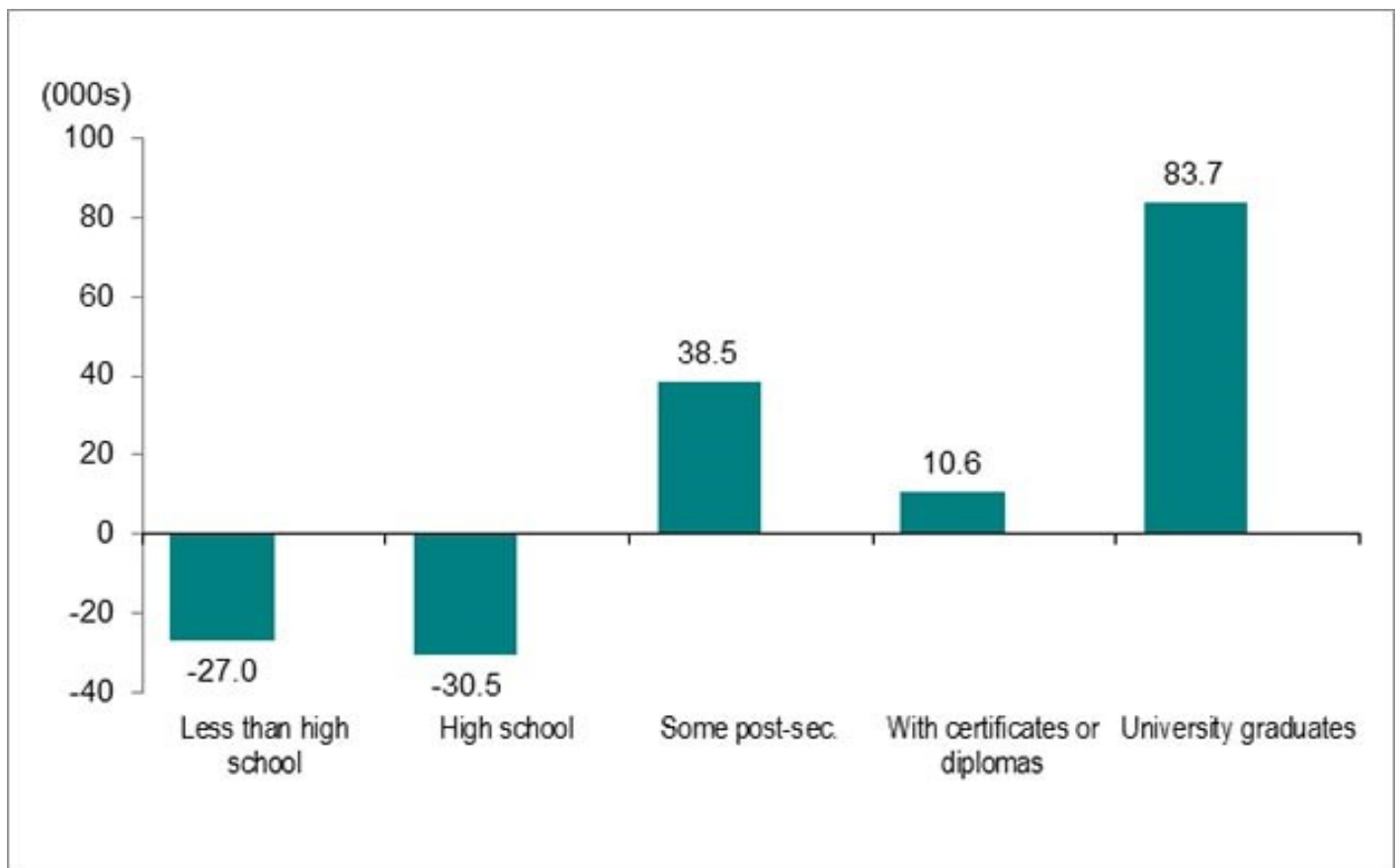
You may have a job lined up or you may still be looking for a job. If you're still on the hunt, don't lose hope. You'll find a job eventually, but for the time being take advantage of your free time to hone your skills. While applying for jobs look into volunteering and doing the things you love — whatever it is that you do make sure you're not idle. Keeping busy will ensure that you stay focused on your goals while at the same time strengthen your skills and experiences. Here are some tips on how to find a job:

1. **Network your heart out:** Talk to people who are in your field, go out for coffee, understand the field you want to get into and the type of people they are looking for. You should use your free time wisely by getting your name out there, through your peers, professors, friends, and friends of friends, etc...
2. **Make an appointment with Career Services at Ryerson:** Ryerson offers free services to students and recent grads. They offer services such as helping with writing a resume and cover letter, creating a LinkedIn profile, internal job boards, and they can even provide you with information about applying to grad school.
3. **Register with an employment agency:** You should also research employment agencies that offer and promote entry-level positions in your field.
4. **Visit Ryerson Library for career research and interview preparation resources:** Libraries can be very helpful when researching a prospective career, industry, organization, or even when preparing for interviews. Library collections include books, articles, reports, statistics, and databases that can often help in these areas, and Librarians can help to connect you to these sources of information.
4. **Keep an open mind and apply to everything:** Just remember that the more jobs you apply to the greater the chance that these applications could lead to your first job. All job opportunities are valuable and will provide you with extra skills that you can use in other job settings. Don't limit yourself to one company, one industry or even one position. Apply to everything and see where it leads you.

## Perspectives on the current job market (*continued*)

**Important to note:** Most if not all professional organizations and employers do criminal record checks and credit checks on prospective employees. If you have, over the course of your time at university, destroyed your credit rating it is highly likely you will not receive a job offer from employers that may be interested in you.

The following graph from the Ontario government shows employment in Ontario in regards to education attained, aged 25 and older, from March 2017 to March 2018



## Perspectives on the current job market (*continued*)

**Important to note:** Most if not all professional organizations and employers do criminal record checks and credit checks on prospective employees. If you have, over the course of your time at university, destroyed your credit rating it is highly likely you will not receive a job offer from employers that may be interested in you.

The following table shows the values for men's annual earnings by education levels, in Canada as a whole, and then more specifically each province, 2015.

	High school diploma	Apprenticeship certificate	College diploma	Bachelor's degree
	median annual earnings \$			
<b>Canada</b>	55,774	72,955	67,965	82,082
<b>N.L.</b>	50,121	73,800	71,088	83,115
<b>P.E.I.</b>	42,454	53,829	52,992	67,149
<b>N.S.</b>	48,401	60,943	59,236	72,962
<b>N.B.</b>	45,895	58,631	57,922	74,252
<b>Que.</b> <a href="#">Data table Note 1</a>	48,344	53,177	61,450	75,107
<b>Ont.</b>	55,216	72,135	67,576	85,645
<b>Man.</b>	53,615	73,086	65,524	76,677
<b>Sask.</b>	62,199	86,059	78,176	84,825
<b>Alta.</b>	69,774	92,580	87,983	97,733
<b>B.C.</b>	59,180	75,344	69,513	77,168

Analyzing this we can see that having a bachelors degree in any province beside Saskatchewan correlates to having better annual earnings than their counterparts, more research needs to be done on post-graduate, masters degrees, as well as anything else that further qualifies a person, but the conclusion from the data shows that the more qualified you are, the more you will earn annually.

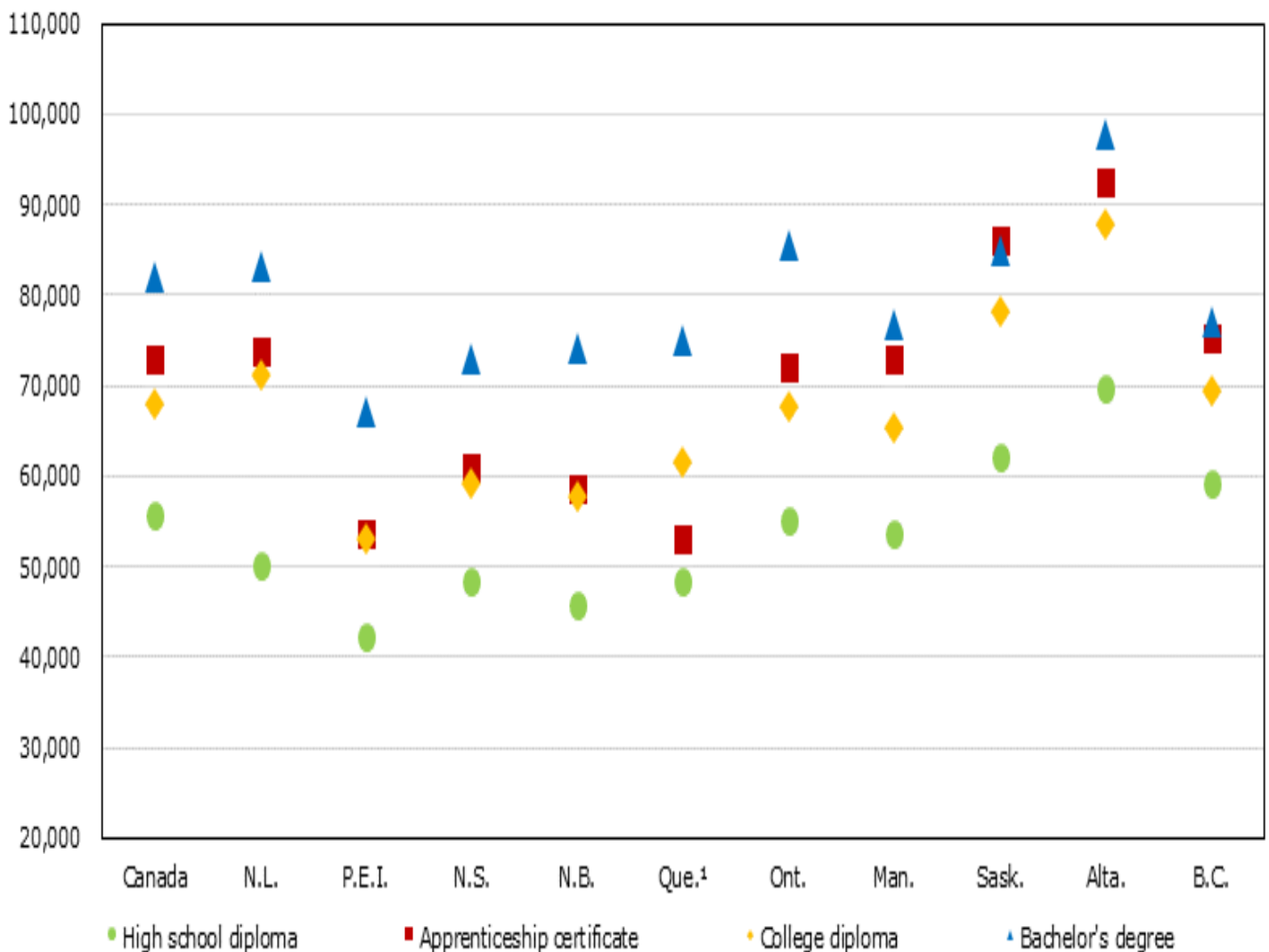
These values are shown graphically on the next page

## Perspectives on the current job market (*continued*)

**Chart 1a**

**Median annual earnings of men aged 25 to 64 who worked full time and full year as paid employees, by highest level of education, the provinces and Canada overall, 2015**

median annual earnings (\$)



1. Quebec provides vocational trades training and issues a trades certificate called DEP/DVS (*Diplôme d'études professionnelles/Diploma of vocational studies*) offered at the high school level.

**Source:** Statistics Canada, Census of Population, 2016.

## Perspectives on the current job market (*continued*)

**Important to note:** Most if not all professional organizations and employers do criminal record checks and credit checks on prospective employees. If you have, over the course of your time at university, destroyed your credit rating it is highly likely you will not receive a job offer from employers that may be interested in you.

The following table shows the values for women's annual earnings by education levels, in Canada as a whole, and then more specifically each province, 2015.

	High school diploma	Apprenticeship certificate	College diploma	Bachelor's degree
	median annual earnings \$			
<b>Canada</b>	43,254	38,230	48,599	68,342
<b>N.L.</b>	33,382	36,031	46,358	70,994
<b>P.E.I.</b>	34,391	33,784	43,332	60,157
<b>N.S.</b>	35,025	38,547	41,188	59,551
<b>N.B.</b>	35,434	32,516	41,312	65,219
<b>Que.</b> <a href="#">Data table Note 1</a>	38,487	34,436	45,081	63,305
<b>Ont.</b>	44,928	37,510	49,649	70,832
<b>Man.</b>	42,596	37,560	46,646	65,647
<b>Sask.</b>	44,820	42,571	51,820	73,996
<b>Alta.</b>	51,169	49,305	57,580	80,054
<b>B.C.</b>	45,563	43,327	48,353	62,985

Important to note that this is for the overall population of women, not necessarily women who are in the same occupations as men. Just like the men it is once again clear that getting a bachelor's degree correlates to having better annual earnings. It is interesting to note that in the women's set of data a woman with an apprenticeship certificate actually earns less than a woman who only has a high school diploma on average.

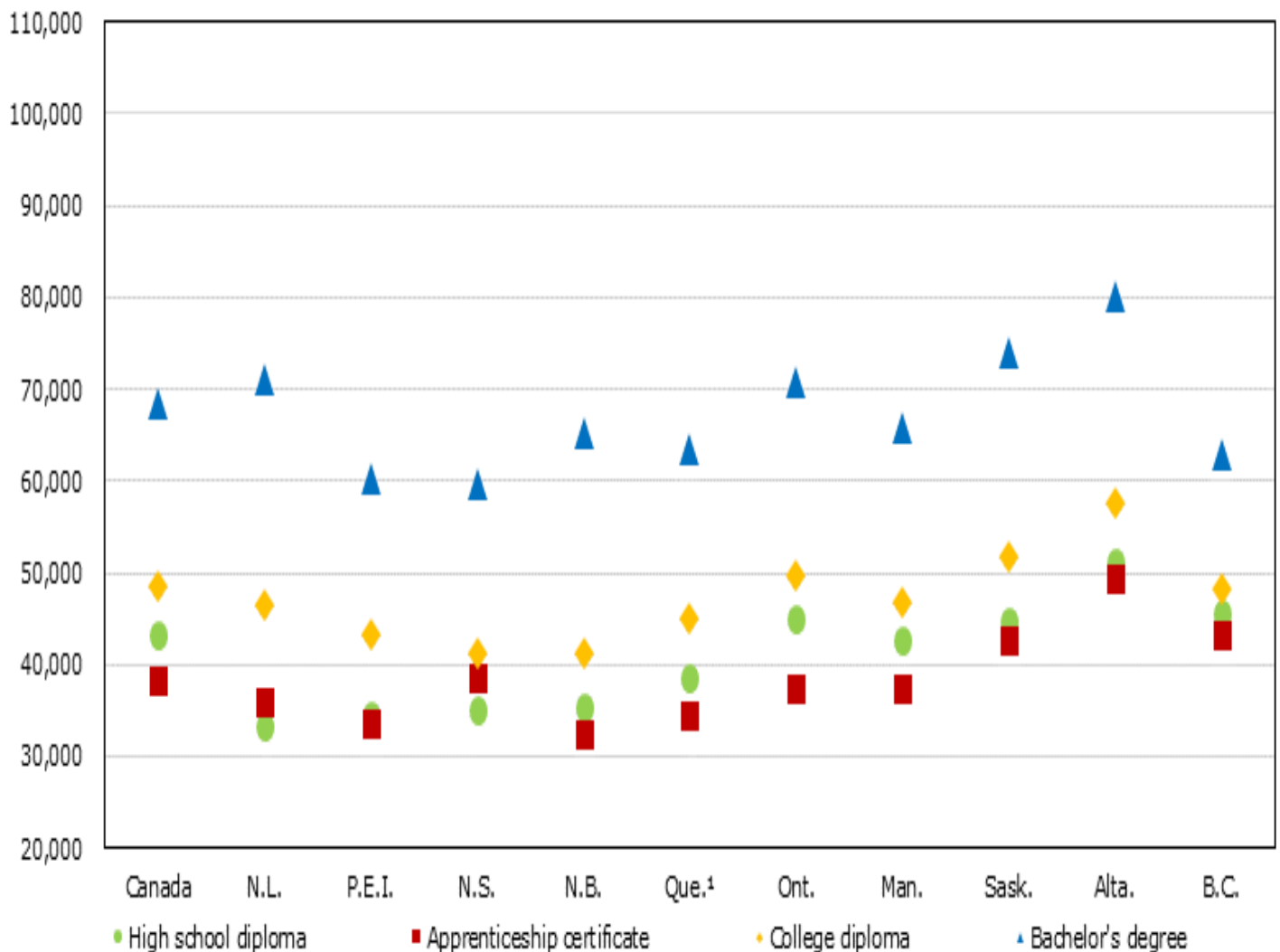
These values are shown graphically on the next page

## Perspectives on the current job market (*continued*)

**Chart 1b**

**Median annual earnings of women aged 25 to 64 who worked full time and full year as paid employees, by highest level of education, the provinces and Canada overall, 2015**

median annual earnings (\$)



1. Quebec provides vocational trades training and issues a trades certificate called DEP/DVS (*Diplôme d'études professionnelles/Diploma of vocational studies*) offered at the high school level.

**Source:** Statistics Canada, Census of Population, 2016.

## Perspectives on the current job market *(continued)*

	2013	2014	2015	2016	2017
	thousands				
<b>All industries</b>	<b>17,691.1</b>	<b>17,802.2</b>	<b>17,946.6</b>	<b>18,079.9</b>	<b>18,416.4</b>
<b>Goods-producing sector</b>	3,910.1	3,897.1	3,870.4	3,833.0	3,875.9
<b>Agriculture</b>	314.0	305.1	294.9	289.2	279.5
<b>Forestry, fishing, mining, quarrying, oil and gas<sup>1</sup></b>	368.1	372.6	354.9	326.8	329.6
<b>Utilities</b>	135.0	136.9	137.0	137.2	132.6
<b>Construction</b>	1,369.8	1,371.5	1,371.2	1,385.0	1,409.3
<b>Manufacturing</b>	1,723.1	1,711.0	1,712.4	1,694.8	1,724.8
<b>Services-producing sector</b>	13,781.0	13,905.1	14,076.2	14,246.9	14,540.5
<b>Wholesale and retail trade</b>	2,710.7	2,729.3	2,732.7	2,745.9	2,809.6
<b>Transportation and warehousing</b>	882.9	896.8	917.2	907.4	943.7
<b>Finance, insurance, real estate, rental and leasing</b>	1,078.8	1,083.8	1,102.9	1,127.0	1,171.3
<b>Professional, scientific and technical services</b>	1,310.9	1,333.3	1,365.8	1,393.7	1,448.8
<b>Business, building and other support services<sup>2</sup></b>	740.9	734.8	760.6	766.4	756.6
<b>Educational services</b>	1,226.5	1,236.9	1,274.1	1,270.0	1,285.0
<b>Health care and social assistance</b>	2,189.9	2,219.7	2,292.3	2,339.3	2,383.2
<b>Information, culture and recreation</b>	756.7	757.2	750.6	782.4	789.3
<b>Accommodation and food services</b>	1,169.6	1,207.5	1,210.6	1,212.7	1,210.8
<b>Other services (except public administration)</b>	795.3	795.1	761.8	774.9	781.3
<b>Public administration</b>	918.9	910.7	907.4	927.3	961.0



## Perspectives on the current job market (*continued*)

The table below shows a 2015-2016 survey done by the Ontario Ministry of Advanced Education and Skills Development of 2013 university graduates and their employment status within 6 months of graduating university, as well as during the time of the survey (two years after graduation). More information can be found on the Ontario Ministry of Advanced Education's website: <http://www.iaccess.gov.on.ca/OsappRatesWeb/enterapp/overview.xhtml>

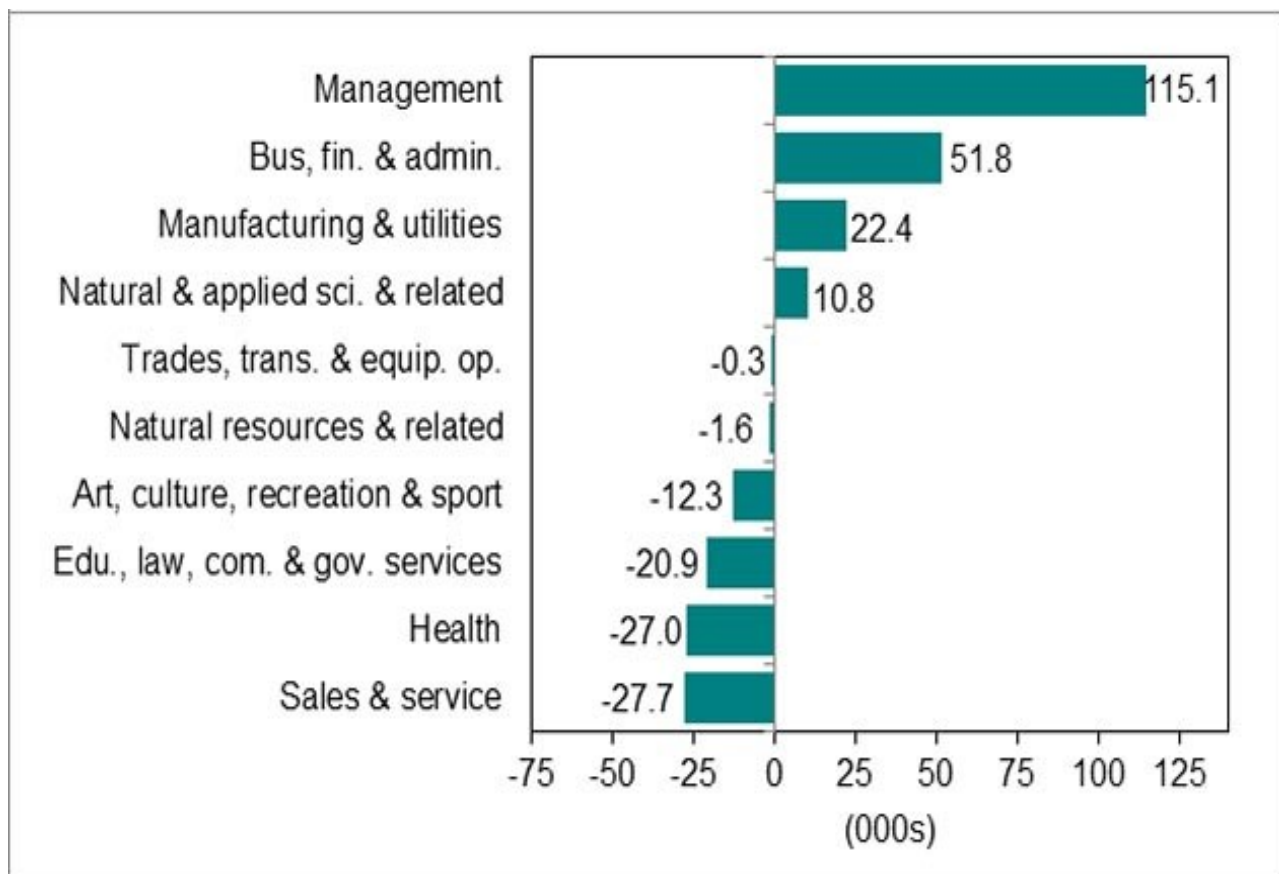
Period	Complete Surveys	Employed / Self-	Offered	Looking for Work	Employed/ Offered a	Individuals in Labour	Employment Rate
	n	n	n	n	n	n	%
6 Months	34,011	23,477	731	3,624	24,208	27,832	86.98%
Oct. 2013	34,011	26,713	629	1,883	27,342	29,225	93.56%

More information on the type of work, the salary/wages earned, the skills needed to work, and many other aspects of the job market are examined in depth on the website.

What students should take away from this is that if you're graduating from university, with some effort you're probably going to get a job. The important thing is to position yourself in a manner that will allow you to find a job that you enjoy as well as one that compensates you well for your work. How you can position yourself to find this job varies, but Ryerson offers some great tools, which allows students and graduates a wide array of options.

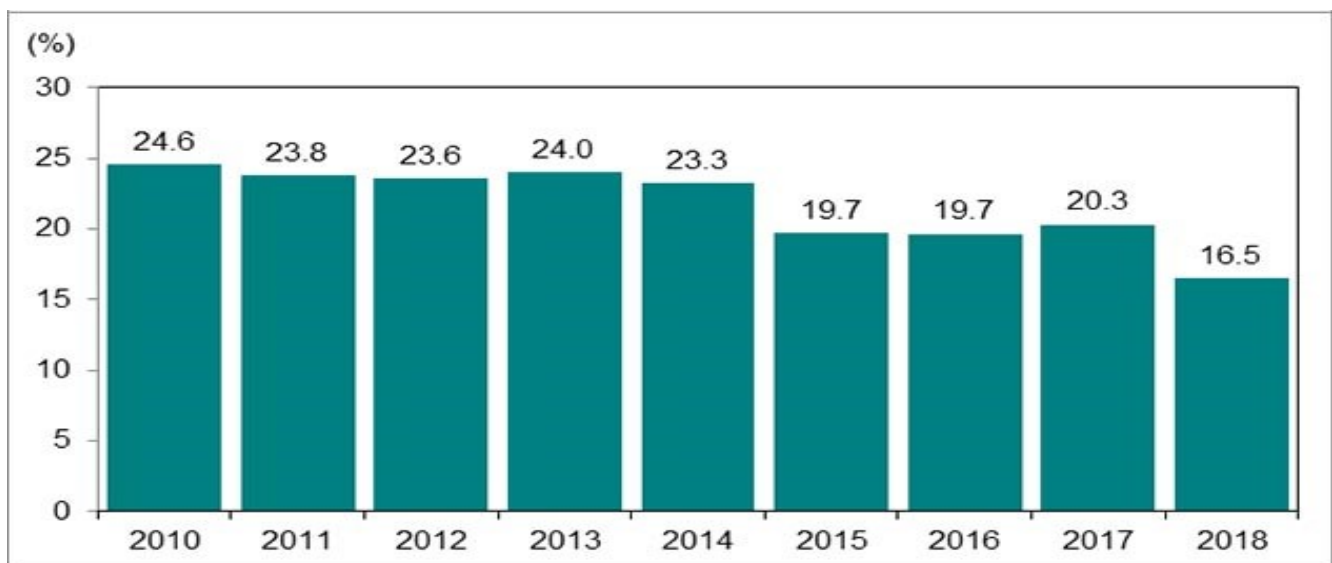
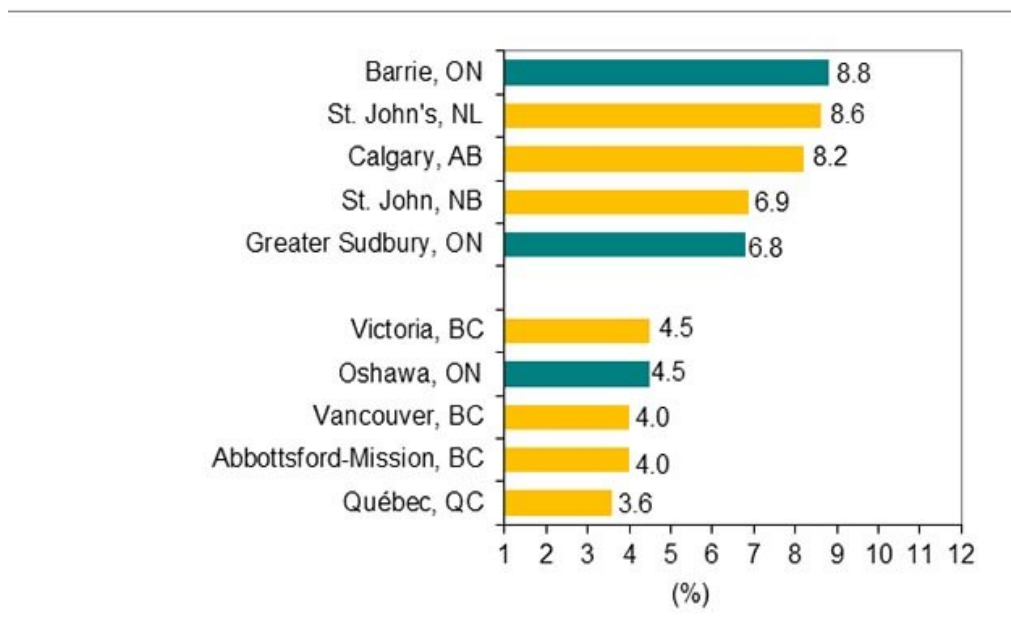
## Perspectives on the current job market (*continued*)

This chart shows the employment increase and decrease by occupation from March 2017 to March 2018, year-to-date. Four of the 10 major occupational groups in Ontario had net employment gains over the first three months of 2018 compared to a year earlier. More information is available here: <https://www.ontario.ca/page/labour-market-report-march-2018#section-0>



## Perspectives on the current job market (*continued*)

Below are two graphs compiled by the Ontario Government with regards to the lowest and highest unemployment rates for March 2018, and unemployment rates through the years. More information can be found here: <https://www.ontario.ca/page/labour-market-report-march-2018#section-0>



What trends do you notice here?

### Perspectives on the current job market (*continued*)

Here are some facts relating to the job market retrieved from the Labour Market report done by the Ontario government for March 2018.

In March 2018:

- There were 11.8 million people in Ontario aged 15 years or older, 7.6 million (64%) were either working or actively looking for work, while 7.2 million (61%) were employed and 82% of them had a full time job
- Employment increased in Ontario by 10,600 net jobs in March, following an increase of 15,700 in February
- More employment change occurred in jobs related to management, business, finance and administration, manufacturing and utilities. The occupation that lost the most jobs were sales and service, health, education, law and social, community and government services
- The unemployment rate in Ontario was 5.5% (420,000 unemployed people)
- Long term unemployed individuals accounted for 16.5% of the total number of unemployed people over the first three months of 2018. This compared with 20.3% a year earlier
- Adults with a university degree led gains, with 83,700 net new jobs; individuals with some postsecondary (PSE) recorded job gains of 38,500; while employment for those with certificates or diplomas decreased by 10,600. People with less than high school education recorded a job loss of 27,000 and those with high school education recorded job losses of 30,500

As seen in the facts from the previous pages the job market is slowly changing for the better. Employment is still hard to get, but there has been some progress through the decrease of unemployment in recent years. It is evident that those with university degrees have greater employment opportunities compared to those without university degrees. Students should keep an open mind and look for a job that matches their skills/qualifications as well as one that compensates them for these skills, it is also important to note that you should enjoy what you do.

**Note:** Students looking for work should be open to moving to a different province to find more career opportunities.



## Career Development and Employment Centre at Ryerson University

At Ryerson University there are many services available to help you find a job. Whether you're a new grad or a current student looking for a part-time job, the Career Centre is available to assist you. Here are just a few of the services that they offer:

- **Career Vault:** Consists of various organizations with job openings for Ryerson University's current students and grads.
- **Build Your Resume:** Assistance provided on how to build your resume and make you stand out.
- **Write Your Cover Letter:** Assistance provided on how to summarize your skills and experiences.
- **Prepare for an Interview:** A mock interview is available to you to prepare for a real one.
- **LinkedIn Profiles:** Guidance on creating a LinkedIn profile and how to use LinkedIn as a networking and job search tool.
- **Work-Study Job Postings:** The Work-Study program provides part time employment opportunities for Ryerson students. Work Study jobs are located on campus and intended to offer Ryerson students business or career related experience.
- **Workshops:** Various workshops and tutorials throughout the year that help guide students to their desired career path.

For more information on the services offered at the Career Development and Employment Centre, you may email them at [career@ryerson.ca](mailto:career@ryerson.ca) or call them at 416-979-5177. You may also visit them at POD 60.



## Additional Resources

**Service Canada Job Bank** is a tool you can use to search for full-time and part time jobs in the public and private sectors.

<https://www.jobbank.gc.ca/home>

**Career Development and Employment Centre** is a service offered to Ryerson students and recent grads to guide you through your job hunting, whether you need someone to look over your resume, give you advice on your cover letter, or help you practice for interviews. They also have a job search engine called CareerVault that you can use to find jobs.

<http://www.ryerson.ca/career/students/>

**Ryerson Library** can be very helpful when researching a prospective career, industry, organization, or even when preparing for interviews. Library collections include books, articles, reports, statistics, and databases that can often help in these areas, and Librarians can help to connect you to these sources of information.

<https://library.ryerson.ca/>

**OSAP** can help you understand the process of how to pay back your government loans.

<http://www.ontario.ca/education-and-training/pay-back-osap>

**National Student Loans Service Centre (NSLSC)** processes your loan repayments.

<https://csnpe-nslsc.cibletudes-canlearn.ca/>

**Statistics Canada** collects, compiles, and analyzes statistical information relating to various activities and conditions of people in Canada. Here, you will find more statistics on the job market, education, financial, social and economic factors.

<http://www.statcan.gc.ca/start-debut-eng.html>



## Life after School—QUIZ

1. What is a grace period?
  - a) A period of 6 months that Ryerson University allows you to defer paying your tuition fees on a yearly basis
  - b) A period of 4 months right after graduation that gives you “grace” by having the ability to apply for jobs with large corporations and the public sector
  - c) A period of 6 months where you do not have to start paying off your OSAP loans after graduation
  - d) A period of 4 months in which you do not have to pay off your OSAP loans once you’ve graduated
2. What does the NSLSC stand for?
  - a) National Students Loans Services Committee
  - b) National Student Loans Services Centre
  - c) New Students Legal Services Centre
  - d) New Students Loans Services Committee
3. What happens if you don’t pay off your OSAP loans?
  - a) You will go on default and your file will be sent to a private collecting agency
  - b) You will be reported to a credit bureau, which will affect your credit rating and credit score
  - c) Your income tax refund and HST rebate will be withheld
  - d) All of the above
4. What is the Repayment Assistance Plan (RAP)?
  - a) A plan set in place for Ryerson University students to be able to receive additional funding from the university in the case that they are unable to pay off their tuition fees
  - b) A financial relief that you can apply for through your NSLSC account
  - c) A financial relief set out by banks for students who cannot afford to repay their student loans
  - d) None of the above
5. How long do you have to pay off your loans?
  - a) You have 9.5 years after graduation to pay your OSAP loans in full only
  - b) You have 9.5 years after graduation to pay your OSAP loans in full or 14.5 years if you are approved
  - c) You have 7.5 years after graduation to pay your OSAP loans in full only
  - d) You have 7.5 years after graduation to pay your OSAP loans in full or 14.5 years if you are approved



## Notes

This image shows a full page of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page, typical of notebook paper. There are no margins, text, or other markings on the page.





## Notes

[illegible]

## GLOSSARY

.....

**Account:** What you set up at a bank to deposit, withdraw, borrow or invest money.

**Account statement:** The summary of transactions you incurred in a given period.

**Annual Percentage Rate (APR):** The rate that is charged for borrowing money, expressed as a percentage number which represents the cost of your principal loan plus simple interest.

**ATM machine:** A machine that provides you with cash and other banking services by inserting your bank card and typing in your password. It is also called an automated banking machine (ABM).

**Bankruptcy:** The state of completely lacking financial value.

**Bank statement:** A paper-based book that keeps track of all your banking transactions.

**Break-even:** When you reach a point in which your income is equal to your expenses.

**Budget:** An estimate of the total income and expenses of an individual over a period of time.

**Credit card:** A card issued by a financial institution that allows you to buy things now and pay them later.

**Collateral:** A valuable item that is pledged as a security for repayment of a loan which is to be forfeited in the event of a default in repayment.

**Debit card:** A card that allows you to access your money electronically.

**Deficit:** The amount by which your expenses exceed your income.

**Direct deposit:** A service that allows people, such as employers, to deposit your pay into your account.

**Effective Annual Rate (EAR):** This is a more in depth calculation of the APR and takes into account compound interest, which is the interest charged over the simple interest.

**Expense:** The money spent to acquire something.

**Financial institution:** A bank, credit union or other organization that offers financial services, such as bank accounts, credit cards, loans and investments.

**Fixed expenses:** Expenses that do not fluctuate in value from period to period, such as rent expense.



## GLOSSARY

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**Investment products:** Items where you decide to invest your money in, such as stocks and bonds, that go up and down in value based on the market.

**Line of credit:** A pre-approved loan that allows you to borrow money up to a certain amount.

**Loan:** Money that you've borrowed and will have to pay back at a certain time, with interest.

**Mortgage:** A loan to buy property.

**Overdraft protection:** A fee charged to you when the request for money exceeds the amount available in your account and your bank approves the money request.

**Principal:** The original amount borrowed excluding any interest.

**Prorate:** Allocate or distribute within a period of time.

**Registered Education Savings Plan (RESP):** A type of investment parents use to save for their children's post-secondary education. The main benefits of RESPs are the Canada Education Savings Grant and tax-deferral on the income.

**Social Insurance Number (SIN) Card:** Your identification card, used when looking for a job in Canada and if you want access to government services and benefits.

**Surplus:** The amount by which your income exceeds your expenses.

**Variable expenses:** Expenses that fluctuate in value from period to period, such as entertainment expenses.

**Withdrawal:** Money you take out of your account.

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