

Watch **Banking Basics** @ https://www.youtube.com/watch?v=yTP8_6Jhe4Q

Savings Alternatives

1. What are the main types of financial institutions in Canada?

- banks – for profit businesses
- credit unions – member owned cooperatives (members vote how institution runs)

2. It is important to compare account types, services and costs before choosing where to do your banking.

3. What is required to open an account? 2 pieces of ID (SIN card, health card, credit card, drivers licence, residence card)

4. Chequing Accounts allow you to write cheques which are debited against your account. They do not pay much interest and either charge a fee per transaction or require a minimum amount of money in the account.

5. Savings Accounts are designed to help you save money and pay interest if you have a minimum amount of money in the account. *With some savings accounts, interest rates increase when you save certain amounts of money.*

6. Financial institutions provide the following services

- internet banking and bill payments
- foreign exchange services
- wire transfers
- credit cards
- mortgages or loans
- retirement planning
- investment advice



Watch:

How Do Banks Create Money from Nothing?

https://www.youtube.com/watch?v=Hg_1iXbljFQ

Corrupt Canadian Banking System

<https://www.youtube.com/watch?v=axS-QdUkMqk>

Compare types of bank accounts @ www.fcac-acfc.gc.ca/eng/resources/toolcalculator/banking/index-eng.asp

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Name: _____

Financial Consumer Agency of Canada Agence de la consommation en matière financière du Canada

Canada

Financial Consumer Agency of Canada www.fcac-acfc.gc.ca						
Français Home Contact Us Help Search canada.gc.ca						
Account Information		Institution Account name				
		BMO Bank of Montreal (Young Adult Discount Program)	CIBC (CIBC Advantage for Youth)	RBC Royal Bank (RBC Leo's Young Savers Account)	Scotiabank (Getting There Savings Program for Youth)	TD Canada Trust (Youth Account)
Package details	Monthly fee	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Minimum monthly balance (for monthly fee to be waived) ¹	—	—	—	—	—
	Maximum number of monthly transactions	30	Unlimited	15	20	Unlimited
Extra transaction fees	Bill payment handling fee	In-branch — Self-serve —	—	—	\$0.65	(see Notes column)
			—	—	\$0.65	—
Features	Free certified cheques	—	—	—	—	—
	Free money orders & bank drafts	—	—	—	—	—
	Free stop payments	—	—	—	—	—
	Commission-free traveller's cheques (one-signature)	✓	—	—	—	—
	Free personalized cheques ³	—	—	—	—	—
	Overdraft protection ⁴	✓	—	—	—	—
	Cheque returns	✓	—	✓ (online image only)	✓ (image only)	✓ (cheque image on paper statement or online)
	Discounts on annual rental of safety deposit boxes	—	—	—	—	—
	Plan available for spouse below qualifying age	—	—	—	—	—
	Free access to ABMs of THE EXCHANGE [®] network or some other ABMs	—	✓ (see Notes column)	—	—	✓ (TDCT ABMs in Canada and TD Bank ATMs in US)
Notes ⁵	E-mail money transfers	✓ (one per month, included in monthly transaction limit)	—	—	✓	✓
		Up to 20 chequing/savings accounts can be included in one monthly fee	Free access to PC Financial ABMs	One additional free debit per automated pay deposit		\$1.00 handling fee applies for each in-branch bill payment paid by cash or cheque drawn on another financial institution (does not apply if paid by account debit)

Data last updated: June 2010

- The minimum balance must be maintained throughout the month for the monthly fee to be waived.
- Self-serve transactions include withdrawals, transfers of funds, bill payments and balance inquiries at an ABM or by Internet or telephone. They also include cheque writing. Interac[®] direct payments and pre-authorized debits. Network access (Interac[®]) ABM fees are not included, unless otherwise specified. CIBC's, Royal Bank's and Scotiabank's self-serve balance inquiries do not reduce the number of monthly transactions permitted.
- The number of cheques provided varies between financial institutions, but cheque orders usually contain from 100 to 200 cheques.
- If overdraft protection is included, it will be subject to credit approval.
- Monthly statements are included, unless otherwise specified.

Using the comparison chart on the previous page as reference, answer each of the following.

1. Which bank(s) would be the best for someone who makes more than 25 transactions per month? Why?

TD or CIBC - unlimited

2. Which bank(s) make it more difficult to keep track of the cheques you write? Why?

CIBC doesn't allow cheque image return
(view copy of cheque you wrote)

3. Which bank(s) would best for someone who does a lot of travelling outside of Canada? Why?

BMO provides traveller's cheques

4. Which bank(s) would be the best for someone who has accounts at other banks? Why?

Scotiabank + TD offers email money transfers

5. The interest rates on savings accounts generally range from 0.05 % to 0.5 %.

Example 1

Jay's bank charges \$5.95 for up to 10 transactions per month plus 75¢ for each additional transaction. In November, he made eight transactions; in December, he made 23 transactions. Determine the service charges deducted from Jay's account balance each month.

Nov \rightarrow \$5.95

Dec \rightarrow $5.95 + 13(0.75) = \$15.70$

Investing Alternatives

Stocks

- a small piece of ownership in a company
- stockholders share in any profit the company makes
- can make money by (i) selling when the price is higher than you paid, or (ii) receiving dividends



Bonds

- you lend money to a company/government for a set period of time
- when bond matures, the money is paid back in full plus interest for each year of investment

GICs

- stands for Guaranteed Investment Certificate
- also known as a term deposit
- you put money away for specified length of time in order to earn interest

Mutual Funds

- a pool of money to be invested in a group of stocks/investments that you couldn't buy on your own

When Investing, know

1. how long you can invest your money
2. your goals
3. how much risk you can tolerate



All investments carry some level of risk. Generally, the greater the risk, the greater the potential return (or loss). Some investments increase in value while others lose value.



One way to accumulate wealth is to invest regularly over a long period of time. This takes advantage of the power of compound interest.

Watch The Pros and Cons of Saving and Investing <http://www.youtube.com/watch?v=2DBdWeTxXeU&feature=relmfu>
OR What are the Basic Types of Investments <http://www.youtube.com/watch?v=WaWTRqzRTqM&feature=related>

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Match each of the following types of investments with its definition.

- | | |
|---------------------------------------------|--------------------------------------------|
| ➔ Mutual Fund | ➔ Registered Education Savings Plan (RESP) |
| ➔ Blue Chip Stock | ➔ Volatile Stock |
| ➔ Registered Retirement Savings Plan (RRSP) | ➔ Guaranteed Investment Certificate (GIC) |
| ➔ Canada Savings Bond (CSB) | |

LOWEST RISK	RESP	<ul style="list-style-type: none"> an investment set up to save for a child's education income from the plan grows tax-free
	RRSP	<ul style="list-style-type: none"> an investment that is set up to provide income after retirement. when money is invested, the investor can claim a deduction on their income tax that year contributions accumulate interest tax-free when money is taken out, it is taxed as income
	CSB	<ul style="list-style-type: none"> a financial product issued by the Bank of Canada offers competitive rate of interest and guarantees a minimum interest rate can be purchased with both simple and compound interest features and are redeemable at any time
	GIC	<ul style="list-style-type: none"> a type of investment sold to individuals by banks or trust companies usually, interest is paid at a fixed rate and cannot be cashed before a specified date
HIGHEST RISK	Mutual Fund	<ul style="list-style-type: none"> type of investment where people pool their money together to buy stocks, bonds, and other assets managed by an investment company that charges a fee
	Blue Chip Stock	<ul style="list-style-type: none"> stock of a well-established and financially sound company that has demonstrated its ability to pay investors in both good and bad times usually less risky
	Volatile Stock	<ul style="list-style-type: none"> a riskier stock that could have a better payout to investors

Example 1

a. Complete the chart for each type of investment.

Investment	Low-Risk	Medium-Risk	High-Risk
opening a savings account	✓		
buying units in a mutual fund		✓	
buying shares in an oil company			✓
buying a GIC from a bank	✓		
buying a hectare of land		✓	
investing in a friend's invention			✓
buying shares in a bank		✓	

b. From the list in part (a), which investment might provide the greatest return in the shortest time?
Which investment might provide the greatest loss in the shortest time?

greatest return
+ greatest loss is the high risk types