

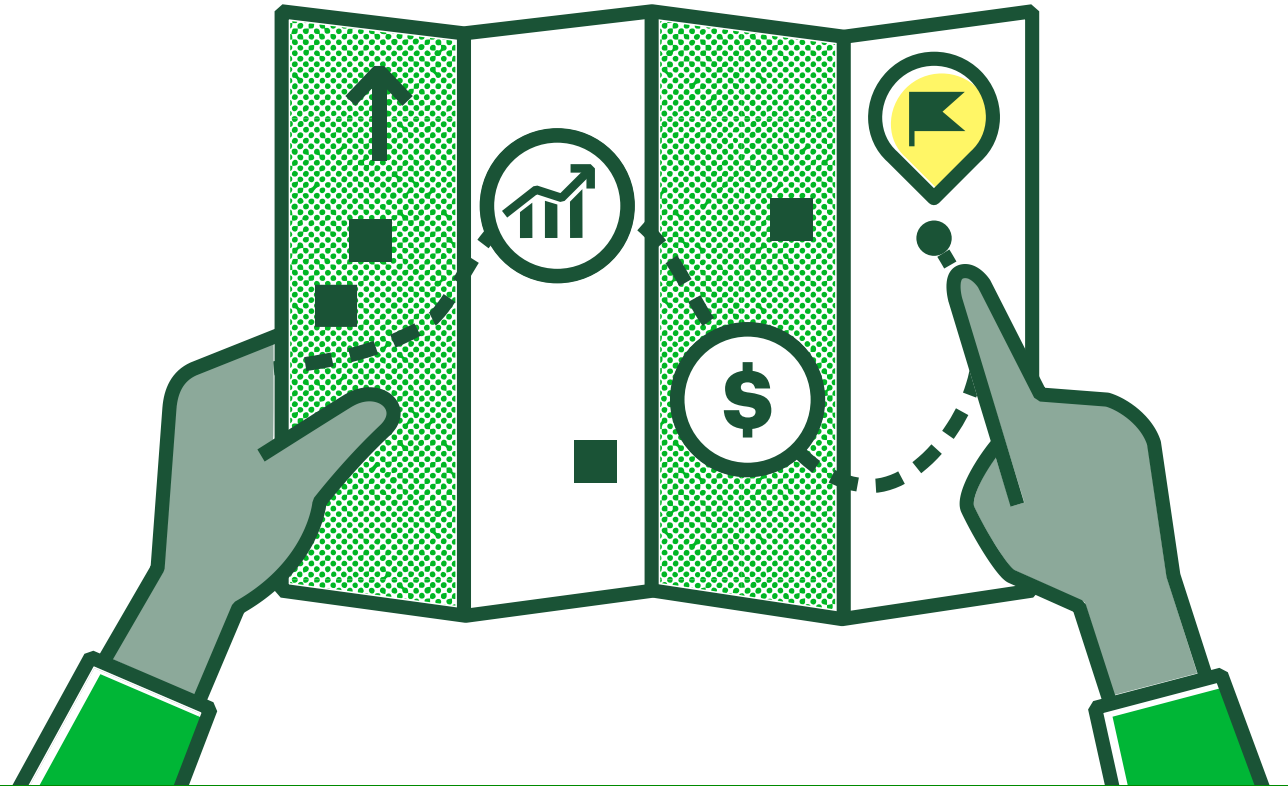


# Introduction to Money Management for Newcomers

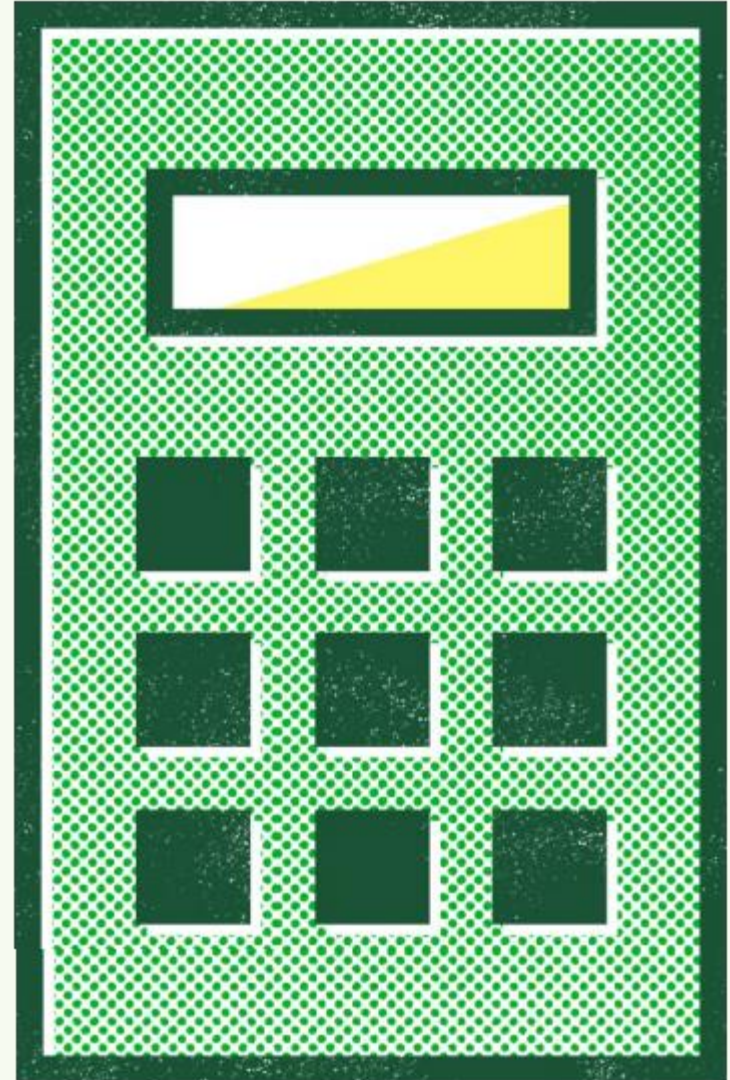
Budgeting & Investing

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Date: 09/26/2023



# Budgeting



# Three rules of budgeting

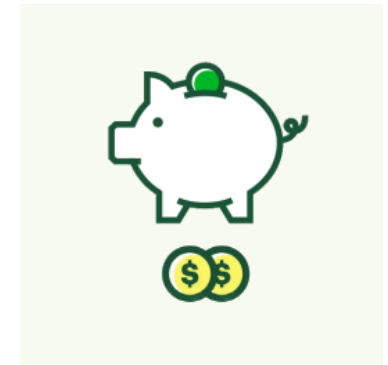
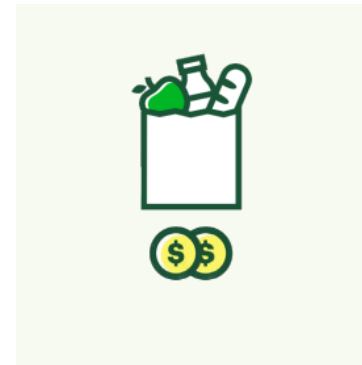
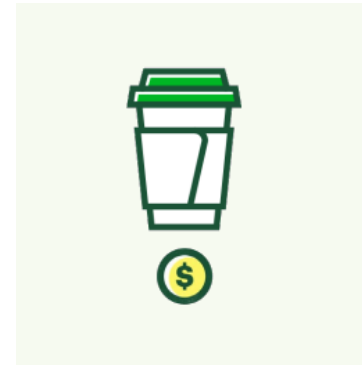
The simple, but essential steps.



## Rule 1:

### **Prioritize Your Money**

Make a plan: Set limits on how much you spend and what you spend it on. And stick to it.

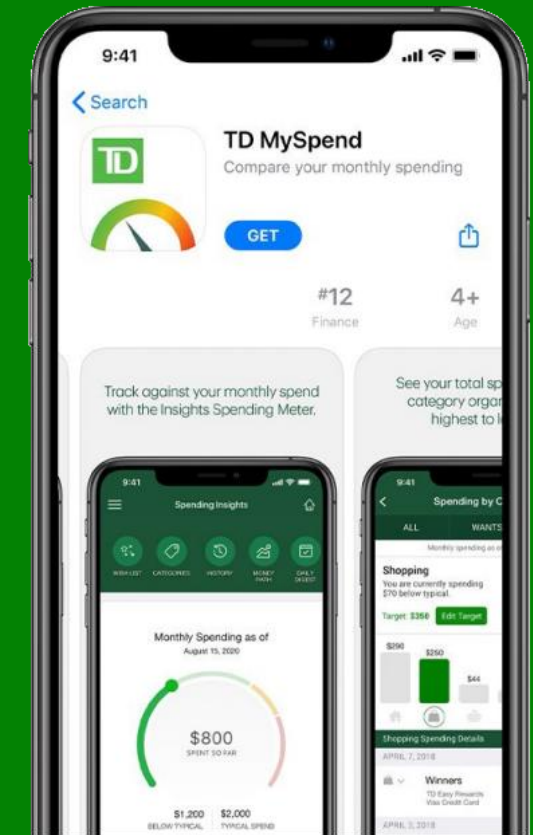




## Get help with the TD MySpend app

### With TD MySpend you can:

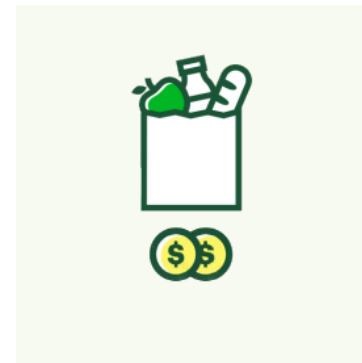
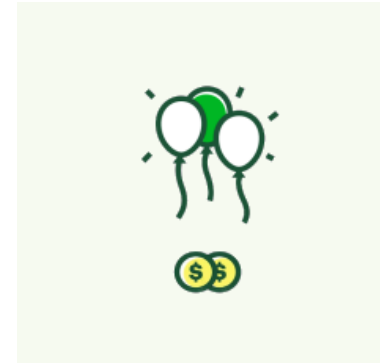
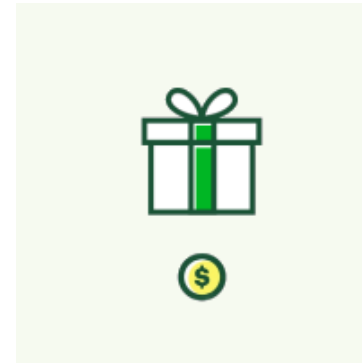
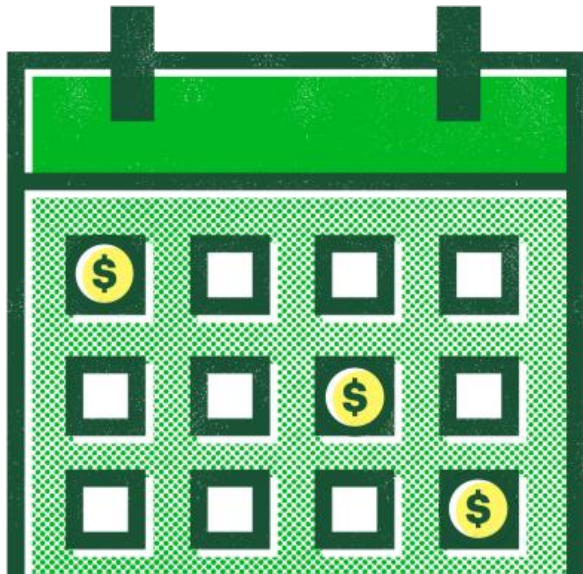
- Track your spending
- Create a wish list of savings goals
- Make a plan for your money



## Rule 2:

### Look Forward

Plan for an entire year of expenses. Month by month, figure out your big and small expenses.



Rule 3:

## Adjust and Re-Align

When overspending happens (and it will), adjust and re-align your spending to make up for it



# Creating a Budget





Step 1:

## What's your monthly income?

To start, figure out the total amount of money you have for spending



\$375	Monthly pay cheque
\$350	Summer savings (1/8th of savings for school year)
\$50	Grants/Bursaries
\$500	Parental/Family Support
+ \$5	Other income
<hr/>	
<b>= \$1,280</b>	Per Month

## Step 2:

### What are your mandatory expenses?

These are expenses you must spend money on each month.



\$500	Rent
\$75	Cell
\$150	Groceries
\$50	Utilities
+ \$50	Bus Pass / Transportations
<hr/>	
<b>= \$825</b>	Per Month

## Step 3:

# Assess your debts and obligations



Money used for items that can help increase your net worth

- Government Education Loans
- Student Lines of Credit

Depreciating assets,  
Consumables,  
High interest rates

- Cars / Furniture
- Payday Loans or Cash Advances

## Step 4:

### Dealing with debt

1. Move your debt from high interest to low interest, if possible.
2. Know your terms, timeline and budget for repayment.



Step 5:

## Figure out your discretionary spending

Discretionary spending is anything left over after your mandatory expenses.



## Step 6:

# Use the **S.M.A.R.T.** Approach to budgeting

## **S**pecific:

Have specific goals. "I will reduce my take-out budget by 25% this month."

## **M**easurable:

Measure your success and failure. "If I spend \$100 less on entertainment this month, I've succeeded."

## **A**ssignable:

Assign goals for your money. "I will pay off more than the minimum credit card balance this month."

## **R**ealistic:

Start with realistic goals. It's easier in the long run to change spending habits gradually.

## **T**ime-Bound:

Set a deadline and hold yourself accountable. Goals without a deadline are more likely to be dropped.

# Investing Basics



# Registered Retirement Savings Plan (RRSP)<sup>1,2</sup>

- Long-term savings to help save for retirement
- Tax deduction for eligible contributions
- Can be used for Home Buyers' Plan and Lifelong Learning Plan
- Earnings are tax-deferred, and taxes are paid on withdrawals
- Contribution limit: the lesser of 1) 18% of the earned income you reported on your tax return in the previous year and 2) the annual RRSP limit, plus any contribution room carried forward from previous years less any pension adjustments
- Contribution room is lost when withdrawals are made

<sup>1</sup>Subject to eligibility and conditions

<sup>2</sup>Subject to any restrictions on the investments chosen and eligibility. Each registered plan has different eligibility criteria, features and tax implications. For detailed tax information please speak to a tax advisor





# Tax Free Savings Account (TFSA)<sup>3,4</sup>

- Short-term and long-term savings
- No taxes on earnings or withdrawals
- No tax deduction on contributions
- Contribution limits are set by the Federal Government each calendar year and contribution room is carried forward
- Any withdrawals made from a TFSA the preceding calendar year must also be factored in, for calculating the TFSA contribution room each individual
- The annual TFSA contribution limit for 2023 is \$6,500

<sup>3</sup>Subject to eligibility and conditions

<sup>4</sup>Subject to any restrictions on the investments chosen and eligibility. Each registered plan has different eligibility criteria, features and tax implications. For detailed tax information please speak to a tax advisor



# First Home Savings Account (FHSA)<sup>5,6</sup>

- Savings towards a first home
- Combines some of the features of an RRSP and TFSA
- Like an RRSP, contributions will generally be tax-deductible
- Similar to TFSA withdrawals, when a qualifying withdrawal is made to purchase a qualifying home, the amount withdrawn, including any income or gain, is not taxable<sup>6</sup>
- Annual contributions are capped at \$8,000 up to a \$40,000 lifetime contribution limit



<sup>5</sup>Subject to eligibility and conditions

<sup>6</sup>Subject to any restrictions on the investments chosen and eligibility. Each registered plan has different eligibility criteria, features and tax implications.

For detailed tax information please speak to a tax advisor

# Registered Education Savings Plan (RESP)<sup>7,8</sup>

- Great way to save for a child's post-secondary education
- When you contribute money into a child's RESP. The government may contribute an additional 20% on the first \$2,500 contributed annually, up to a maximum of \$500 a year (That potentially add up to \$7,200 over the lifetime of the RESP per child, in grant money through the Canada Education Savings Grant (CESG)) and or the Canadian Learning Bond (CLB)
- Any investment gains are not subject to income tax, until the funds are withdrawn
- There are no annual contribution limits or any limits on the number of RESPs you can have
- Friends and family can open a RESP to help you save for your child's education. [Learn more about Individual vs. Family plans](#)



<sup>7</sup>Subject to eligibility and conditions

<sup>8</sup>Subject to any restrictions on the investments chosen and eligibility. Each registered plan has different eligibility criteria, features and tax implications. For detailed tax information please speak to a tax advisor

Thank  
you ♥

# Questions?

We are Ready for **YOU!**

