

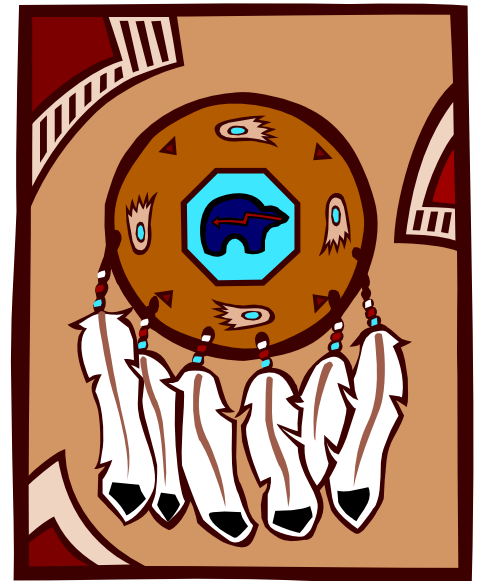
*Deh Cho Business
Development
Center*

" A Bridge to Success "



Basic Personal Financing

1. Budgeting
2. Banking
3. Consumer Credit
4. Insurance



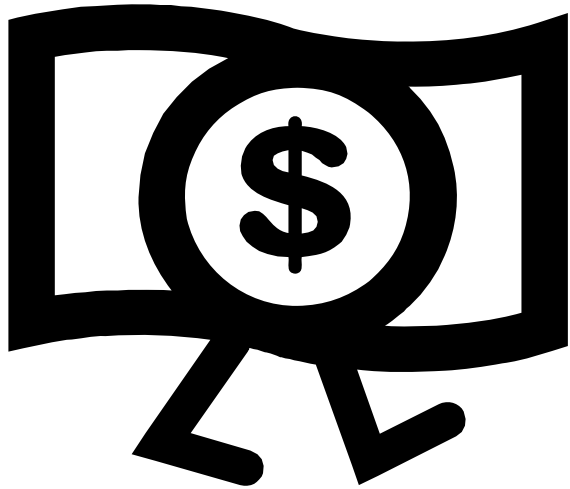


Budgeting



A personal budget is a financial plan that sets limits on the amount of money that you spend in one month

Monthly Earnings



- Wages
- Child Tax Benefit
- Employment Income
- Pension Security
- Social Assistance

Monthly Expenses

- Rent
- Food
- Utilities (heat, power, water)
- Phone
- Cable/Satellite
- Child Care
- Vehicle
- Insurance
- Northern Account
- Visa
- Gas
- Movies/Treats

Budgeting

- When you create a budget, you are creating a plan for spending and *saving* money.
- Budgeting involves understanding how much money you *earn* and *spend* over a period of time.



Ex: Monthly Budget

Category	Budget Amount	Actual Amount	Difference
INCOME:			
Wages	2,600	2,800	200
Child Tax	280	280	0
Income Subtotal	\$2,880	\$3,080	+ \$200
EXPENSES:			
Power	125	110	-15
Phone	65	50	-15
Water	50	65	+15
Satellite	50	55	+5
Truck	700	700	0
Insurance	150	150	0
Northern	100	100	0
Child Care	300	300	0
Food	400	350	-50
Exp Subtotal	\$1,940	\$1,880	\$60
NET INCOME (Income-Expenses)	\$940	\$1,200	+ \$260

$\$260 \times 12\text{mos} =$
\$3,120 extra a year



Last but not least...

Prioritize!

It is important to set *priorities* on your monthly spending in order to guarantee that you will have enough money to cover your most important expenses

Example 

Today Happy got paid \$500 from work

- Payment is due on her Northern Account for \$200
- Power Corp bill for \$150
- Selections Catalogue Order has arrived for \$300

What should Happy do?

Banking

There are two types of personal bank accounts



1. Chequing Account
2. Savings Account

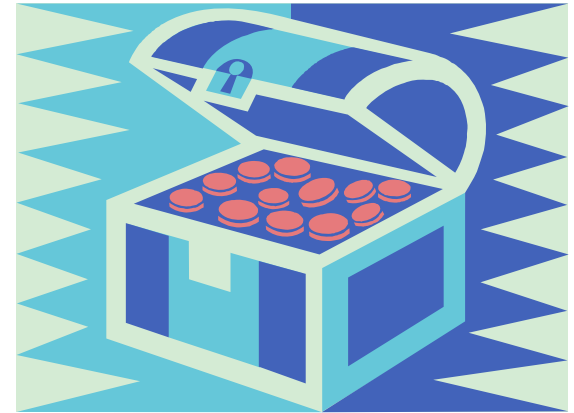
A Chequing Account is used for day to day banking

- ✓ Debit card transactions
- ✓ Cash withdrawals
- ✓ Cheque Writing
- ✓ Bill payments via telephone banking
- ✓ Pre-authorized payments (loan or truck payment)



A Savings Account is used to save money

- Short term goals
&/or
- Long term goals



Interest is accrued on the balance that you hold in the savings account

Important to know

You need two of the following forms of signed identification to open a new account

- *Treaty Status Card*
- *Social Insurance Card*
- *Driver's License*

or

- *Personal reference from client or staff*



Overdraft Protection

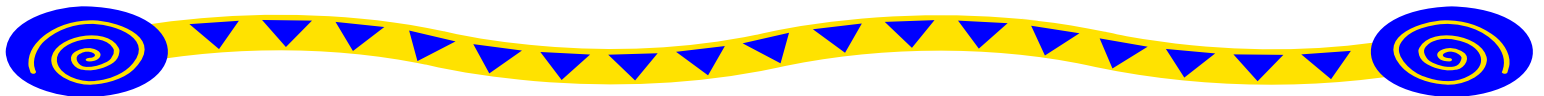
Overdraft Protection covers *temporary* cash shortages

- You must apply for Overdraft Protection
- Minimum limit of \$100
- Maximum limit of \$5000
- No charge if you do not use your Overdraft
- High interest rate of 21% plus a \$5 monthly fee if you do use it

Information based on CIBC Overdraft Protection

Important to know

- ✓ When you deposit a cheque, the bank will normally hold it for security reasons for *5 days*
- ✓ *Seniors* and *Post-Secondary Students* are eligible for special advantages



Consumer Credit

Consumer Credit is used to finance purchases,
or obtain a loan or line of credit

EXAMPLES

- Vehicle
- Ski-doo
- Mortgage
- Personal Loan
- Credit cards
(Northern, Visa, Sears)





Credit History

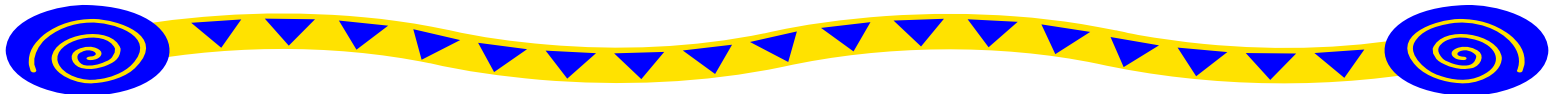


Lender's will refer to past credit history to review

- Ability to meet payment deadlines
- How often late payments are made
- NSF cheque's and bank account history
- Third party collections
- Inquiries from past 3 years

Important to know

- ✓ Credit delinquencies (collection agency) will stay on your credit history for *7 years*
- ✓ Credit is not “free money” or additional income, you will have to pay later *plus an interest*





Remember.....



- Credit is *NOT* a right
- It is a *privilege* and *convenience* available to those who have proved their ability to meet their financial obligations

Insurance

- Protects you, your family, your home and belongings
- Intended to protect against serious and unforeseen loss or injury that you could not pay for otherwise



Common uses of Insurance

- Auto Insurance
 - (3rd Party Liability, Accident Benefits, Physical Damage)
- Home Insurance
 - (Fire, Theft, Water Damage)
- Life Insurance
 - (Death, Disability)
- Business Insurance
 - (WCB, Commercial Auto Policy)

Insurance Agents in the NWT

Co-operators

Lakeshore Insurance

Norland Insurance

Arctic Insurance

