

## Financial Literacy Workshop - Introduction to Basic Budgeting

### 0:00 - SFSS Introduction

- SFSS VP University Relations, Gabe Liosis, talked about SFSS advocacy work and support for students during COVID-19

### 3:39 - Vancity Presenter Introduction

- Volunteer presenter: Aspi

### 7:33 - What is basic budgeting?

- Creating an estimate of the amount of money you expect to receive and spend in a set period of time
- What is going to be my wage next month or what is going to be coming in? Based on that I will put my budget in to see how much I can spend

### 8:40 - What will you learn today?

- What a budget is and why should you create one
- Tips to help you reach your financial goals
- Ideas to help you adjust your spending

### 8:59 - What is a budget?

- A list of all your income and spending
- A tool to manage your money
- Ex. How much is my car insurance? How much are my groceries?
- Don't want to overspend, try to remain within budget
- Canadians are borrowing more and more money

### 11:33 - Why should you create a budget?

- To help understand where you spend money and also for some important things in life
- Need to know where your spending money is going to
- Save up for things you want to purchase in the future ex. Nice car, boat

### 12:11 - Why should you create a budget?

- To protect and prepare you for possible financial difficulties ex. Medical emergency
- To save money for expensive items ex. Car, holiday

### 14:15 - Quiz

- If I don't have money, there's no point in making a budget. True or False?
- False

### 15:23 - Needs vs. wants

- Coffee from home vs. coffee from a coffee shop
- 20 cents to make at home vs. \$2+ from coffee shop
- Ex. I need a laptop - get a fancy one (Apple) or regular? (PC)

- Value: If I buy something ie. laptop now, how long will it last? → a personal choice and decision one has to make

20:58 - Seven steps to budgeting

1. Figure out your monthly income
2. Figure out where you spend your money
3. Calculate the difference
4. Set an achievable financial goal
5. Make a plan to achieve that goal
6. Keep tracking your income and spending
7. Bonus: helpful hint

- Inflation rate in Canada: varies by coast but less than 3% but Vancouver is expensive to live in
- GICs: guaranteed
- Mutual trust: depends on your risk bearing capability, markets go up and down

29:52 - Step 1: Figure out your monthly income

- Fixed income from job → monthly income
- self-employed/part-time → seasonal income

31:30 - Step 2: Figure out where you spend your money

- How much money is in the bank? How much do you spend now?

31:56 - Step 3: Calculate the difference

- Calculate number & if negative number, figure out where it's going to come from?  
Borrow from someone?

32:34 - Step 4: Set an achievable financial goal

- For example: a down payment on a house or car, travel funds, education funds, buy a house of \$500,000 etc.

36:58 - Step 5: Make a plan to achieve that goal

- Without a plan is just a wish
- Ex. setting aside 20% of your income from part-time job to buy a car

38:04 - Step 6: Keep tracking your income and spending

- Keep track of expenses: Gas, electricity, water, car, phone, cable TV, groceries etc.
- Look into your own financial institution for budgeting tools/help

41:41 - Quiz

- One in two Canadians has a budget and over 90% of those who stick do stick to it most of the time. True or False?
- True

43:07 - Step 7: Bonus helpful hint

- Create a new and separate savings account with your financial institution just for your goal.
- Ex. car purchase, car insurance, travel account
- Some people have actual accounts for Disneyland trips, haircuts (seniors) etc.!

45:15 - Let's budget!

- Example spreadsheet:

INCOME	BUDGET	REALITY
Salary		
Other income		
TOTAL INCOME		

EXPENSES	BUDGET	REALITY
Mortgage/rent		
Car		
Phone		
Insurance		
Food		

- Budget + reality should be the same unless ie. you are partly on salary and commission
- Reality in expenses: how much you are actually spending ie. used extra phone data

50:10- Questions

- Do you think it's better to buy or rent a house in the long run?
  - Depends on each individual's situation
  - House is a fixed asset
  - Start putting money into tax free savings account for retirement
- What % you should save or invest?
  - Have extra money, invest at least 15%

1:00:55 - Thank you/end