



Welcome to:
Newcomers and Money

debt solutions | education | financial strategies



Our Mission



we help
we educate
we give hope



Agenda

- Canadian banking system
- Savings
- Credit
- Payday loans
- Avoiding scams
- Resources





Some Facts

- 1/5 people in Canada's population is foreign-born (Statistics Canada, 2012)
- Between 2006 & 2011, 1.1 million foreign-born people immigrated to Canada (Statistics Canada, 2012)
- 40% of the population in metro cities are born outside of Canada





Bank Accounts

- Many banks offer no fee accounts for newcomers to Canada
- The Global ATM Alliance is a joint venture of several major international banks that allows customers of their banks to use their ATM card or debit card at another bank within the Global ATM Alliance with no International ATM Access fees.
- Beware of fees & holds on funds transferred
- Many languages available at financial institutions





Bank Accounts

- You are entitled to open a bank account in Canada even if:
 - you don't have a job
 - you don't have money to put in the account right away





I.D. Requirements

To open a bank account, you must present 2 specific pieces of identification 1 with a picture and 1 with your Canadian address including:

- foreign passport
- Canadian driver's license
- Certificate of Canadian Citizenship
- Certification of Naturalization, in the form of a paper document or card but not a commemorative issue
- Permanent Resident card or Citizenship and Immigration Canada Form





Banks

- Canada has a variety of chartered banks (e.g. RBC, CIBC, Scotia, TD, BMO, etc.)
- Banks are full service (deposit, lending, investing)
- Your money is insured up to \$100,000
- You have the right to a bank account at a chartered bank





Credit Unions

- Credit unions are different than banks
- They are a member-owned financial cooperative
- May have “member” fees
- Your money is insured – amount unlimited





Automation

- You can set up automatic payments or withdrawals to come directly out of your account for:
 - ♦ Bills (e.g. hydro, cell phone, insurance, cable)
 - ♦ Savings
- You can have your income deposited directly from your employer and/or government into your account
- Be sure to have the funds available in your account, or NSF charges can apply
- You are responsible for the activities on your accounts so check these regularly





Don't Forget...

- Taxes – you are required by law to file your taxes annually
- Filing taxes must occur by April 1st otherwise you risk penalties and fees
- Check out your local community agency for assistance on filing taxes





Online Resources

- The Financial Consumer Agency of Canada (FCAC) has a good tool to help you select a bank/credit union
 - ♦ www.fcac-acfc.gc.ca
- Canada Revenue Agency (CRA) has benefits listed on their website
 - ♦ <http://www.cra-arc.gc.ca/menu-eng.html>



Resources

Financial Institutions offering Newcomer Programs:

- [BMO Newcomers to Canada](#)
- [CIBC Welcomes Newcomers to Canada](#)
- [HSBC New to Canada](#)
- [ICICI — Information about a Newcomers' to Canada account.](#)
- [National Bank of Canada Immigrating to Canada](#)
- [RBC Immigrating to Canada](#)
- [Bank of Nova Scotia Startright Program for New Canadians](#)
- [TD Bank Group New to Canada](#)





SAVINGS

Think about how money was handled in your family back home...

- What was your community's approach to savings?
- How did you save money?





Coins in a Jar



- Have you ever saved up all of your spare change?
- What could those coins pay for?
 - ◆ Example: spending money on a vacation



Cash At Home

Advantages:

- ◆ Cash available for take out!
- ◆ Cash available when the banking system is down

Disadvantages:

- ◆ Safety: is your money safe from thieves and yourself?
- ◆ No interest earned





Saving your Money

- Registered Retirement Savings Plans (RRSPs) to save for retirement
- Registered Education Savings Plans (RESPs) to save for a child's education
- Registered Disability Savings Plans (RDSPs) to save for the financial security of a family member with disabilities
- Tax Free Savings Accounts (TFSA) to save for the future or a particular purchase (e.g. car, vacation, etc...)





How to Build Savings

52 WEEK MONEY CHALLENGE

WEEK	DEPOSIT AMOUNT	ACCOUNT BALANCE	WEEK	DEPOSIT AMOUNT	ACCOUNT BALANCE
1	\$1	\$1	27	\$27	\$378
2	\$2	\$3	28	\$28	\$406
3	\$3	\$6	29	\$29	\$435
4	\$4	\$10	30	\$30	\$465
5	\$5	\$15	31	\$31	\$496
6	\$6	\$21	32	\$32	\$528
7	\$7	\$28	33	\$33	\$561
8	\$8	\$36	34	\$34	\$595
9	\$9	\$45	35	\$35	\$630
10	\$10	\$55	36	\$36	\$666
11	\$11	\$66	37	\$37	\$703
12	\$12	\$78	38	\$38	\$741
13	\$13	\$91	39	\$39	\$780
14	\$14	\$105	40	\$40	\$820
15	\$15	\$120	41	\$41	\$861
16	\$16	\$136	42	\$42	\$903
17	\$17	\$153	43	\$43	\$946
18	\$18	\$171	44	\$44	\$990
19	\$19	\$190	45	\$45	\$1035
20	\$20	\$210	46	\$46	\$1081
21	\$21	\$231	47	\$47	\$1128
22	\$22	\$253	48	\$48	\$1176
23	\$23	\$276	49	\$49	\$1225
24	\$24	\$300	50	\$50	\$1275
25	\$25	\$325	51	\$51	\$1326
26	\$26	\$351	52	\$52	\$1378



Sending Money Home

- Common ways to send money back home:
 - ◆ International banking alliances (check with your own bank)
 - ◆ Paypal
 - ◆ Email transfers
 - ◆ Joint account with a bank card
 - ◆ Wire transfers

- Consider the fees when choosing your method

- If you are using credit to send money back home, please speak to a Credit Counsellor





What Is Credit?

Purchasing something today with the promise to pay it back in the future.





Types of Credit

- Open: cell phone contract, utilities
- Unsecured: credit card, loan, line of credit, payday loan
- Secured: mortgage, loan
- Government: taxes, student loans, insurance



Why is this important?

- Good credit in Canada demonstrates trust and reliability.

- Some people who may be interested in your credit include:
 - ◆ Banks and credit unions
 - ◆ Landlords
 - ◆ Employers



Use Credit Cards Wisely

**\$5000 purchase on credit card, 18.9% int. (APR)
Min. payment of 3% (\$150 to start)**

**Total Cost of Borrowing:
\$10,300 paid over nearly 20 years!**



Same \$5000, 3% min. payment but at 9.9%?

Total cost: \$6,828 over 13.5 yrs.



**Repaid at \$325 per month for 18 months
is only an extra \$771.17 in interest!**



Credit Reporting

What is a credit report?

- A detailed list of an individual's credit behaviour over the past number of years.
- It is used by a lender to determine if, based on past behaviour, someone is likely to repay new money that they borrow or not.



Your Credit Report

What is on your credit report?

- Personal information
- Spousal info (if applicable)
- Hard hits (who you have applied for credit with)
- Soft hits (checking your own, creditors pulling info about their products) – only shown to you
- Public records (collection items, government and insurance debt that's in arrears, judgements, bankruptcy, debt restructuring)
- Consumer statement
- Trade lines (your credit accounts and borrowing activity)



Credit Rating

What do the trade lines mean?

- **R: revolving debt** (e.g. credit cards, lines of credit)
- **I: installment debt** (e.g. car loan)
- **O: open debt** (e.g. cell phone contract, insurance, gym membership)
- Information will include creditor name, account number, credit limit, last paid, balance, date of last activity and status



Credit Rating

What do the Ratings Mean?	R / I / O
Too new to rate	0
Paid as agreed	1
Paid late but within 30 days	2
Paid up to 60 days late but not more than 90 days; 2 payments past due	3
Paid up to 90 days late but not more than 120 days; 3 payments past due	4
Account is at least 120 days overdue but not rated 9 yet	5
Making payments under consolidation order, debt repayment or similar arrangement	7
Repossession	8
Bad debt; placed for collections; settled debts	9



Your Credit Score

- Your credit score is a predictor that lenders use to see how likely you are to pay back your debts
- Credit scores range from 300-900
- The higher the score, the more likely you are to pay back your debts





Your Credit Score





Credit Reporting Agencies

Equifax

www.equifax.ca

1-800-465-7166

Transunion

www.transunion.ca

1-800-663-9980



Your Credit History

- Your credit history does not transfer from your home country to Canada
- To build credit in Canada, you can:
 - ◆ Get a cell phone on contract
 - ◆ Get an unsecured credit card
 - ◆ Get a secured credit card





What doesn't build credit?

- Visa/debit
- Pre-paid credit cards
- Cell phone (pay as go; pre-paid, month to month)
- Payday loans





Using Credit Wisely

- Pay creditors on time
- Try not to carry balances
- Have only one credit card
- If you are overwhelmed, call for help and do **NOT** ignore the debt!





Credit Report Facts

- It's free to check your credit report 1x/year
- If there are mistakes on your credit report, it is up to you to get them fixed
- Good or bad, items will stay on your credit report for a given period of time





Pay Day Loans

Facts

- Small loans (less than \$1500)
- Due on next pay day (usually 2 weeks)
- No credit check
- High interest
- Automatic withdrawals





Payday Loans – A Warning

Average interest of payday loans vs other financing options

- Pay day loans: 60%
- Bank Overdraft: 21%
- Credit Cards: 18%
- Line of Credit: 10%





The Pay Day Loan Cycle

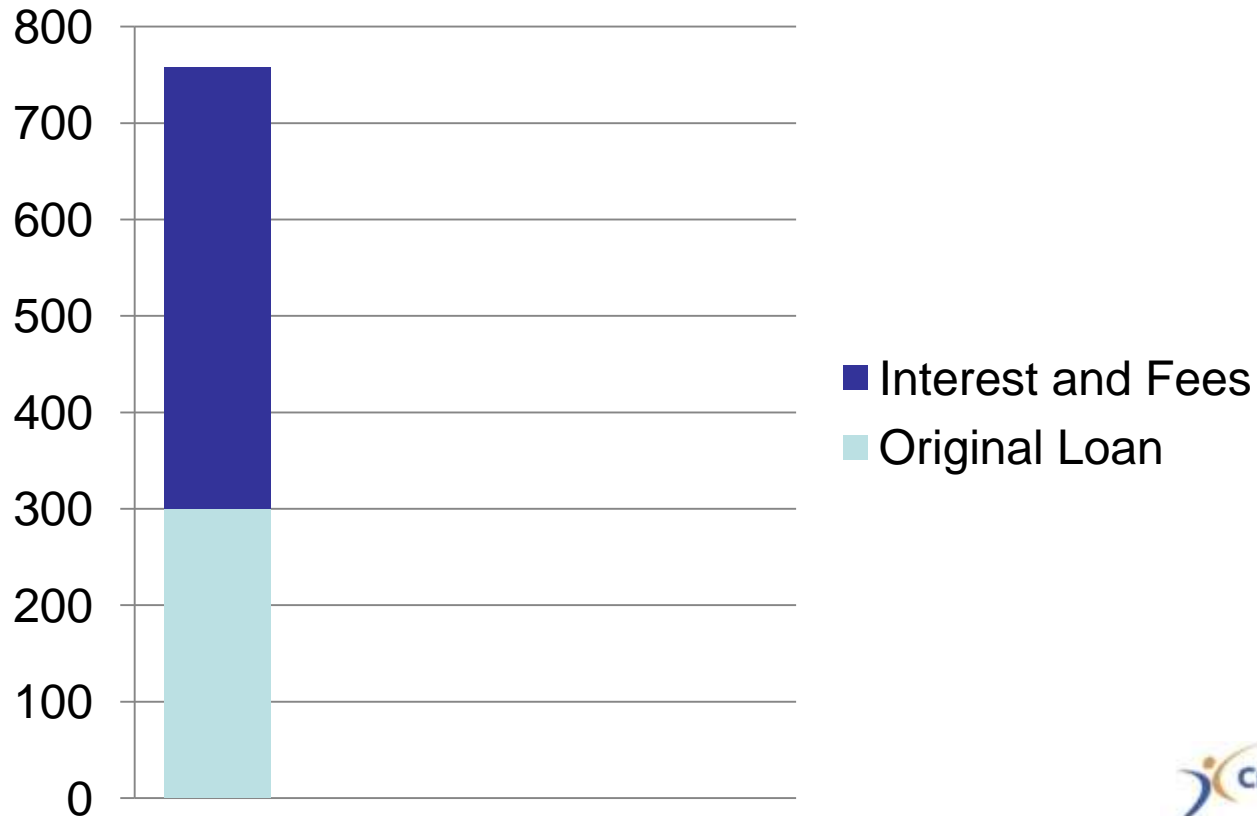
	Pay Day Lender A	Pay Day Lender B	Pay Day Lender C
Loan	\$300	\$369	\$454
Fees	\$69	\$85	\$104
Total	\$369	\$454	\$558
Due Date:	October 1	October 14	November 1

Pay Day lenders can charge up to \$25.00 plus up to 30% of the total balance for late payment!



The Pay Day Loan Cycle

Another view....





Signs That You Need More Help



- Feeling constantly stressed about money
- NSF charges
- Constantly in your overdraft
- Using credit to pay other credit
- Fighting with your family about money
- Collection calls
- Can't sleep due to money stress
- See no other way out except bankruptcy



Fraud Prevention

- Fraud stats
- Top Scams
- Reporting
- Prevention
- Who to call





Did You Know?

- Estimated 1 million Canadians are victims of fraud and identify theft costing over \$10 billion
- Nearly 80% of mass marketing fraud is committed by organized crime groups
- 9 in 10 Canadians do not speak to anyone about fraud





Top Scams in Canada

- Phishing
- Prize pitch
- Recovery pitch
- Advanced fee loans
- Travel scams
- False charities
- 900 scams
- West Africa & Nigerian letters
- Pyramid Schemes
- Employment recruitment





Debit Card Fraud

- Protect your debit card and PIN
- Memorize your PIN (don't write it down)
- Swipe your debit card yourself (if possible)
- Check your accounts regularly
- Call your financial institution immediately if there is a problem





Credit Card Fraud

- Review your cc statements regularly for accuracy
- Never give out your cc number unless it is to a reputable organization
- Protect your PIN and your credit card
- Report it to your credit card company, the police, and the Canadian Anti-Fraud Centre
- Call Equifax Canada & Transunion Canada to put fraud alerts on your Credit Report





Identity Theft and Fraud

- ID theft: acquiring and collecting someone else's personal information for criminal purposes (RCMP)
- Criminals are looking for: full name, DOB, SIN, address, mother's maiden name, user names & passwords, PINs, credit card info (3 digits on the back), bank account #'s, signature, passport #
- Used for opening bank accounts, applying for credit, making purchases, obtaining government benefits, and hiding criminal activities





Prevention

- Protect your information & PINs
- Leave your SIN card at home
- Trust your instincts
- Review your credit report annually
- Review your financial information (bank account & credit card transactions) regularly





Reporting

- Contact your local police department
- Contact Canadian Anti-Fraud Centre
 - ◆ 1-888-495-8501 or www.antifraudcentre.ca
- Contact Equifax & Transunion
 - ◆ www.equifax.ca; 1-800-465-7166
 - ◆ www.transunion.ca; 1-877-525-3823





Trust Yourself

**If it sounds too good to be true,
assume it is!**

If you are wondering if something is
legitimate, ASK!!





Learn More

- Discover more through our:
 - Monthly newsletter
 - Helpful websites
 - Social media  

www.mymoneycoach.ca/follow





How We Help

- Confidential, *no-cost* credit and budget counselling
- Toll-free telephone counselling, **1.888.527.8999**
- Debt repayment programs and alternatives
- Consumer workshops on credit and money issues
- Online assessments and information
- Referrals to other community and professional services
- Helpful money management tips on our websites:

NoMoreDebts.org MyMoneyCoach.ca

