

Unit 5: Saving, Investing, and Sharing

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Each one of us may have a different perspective on saving. Some of these views may stem from cultural influences, some may be influences by our family or community.

"tanda"

-popular in Latin American countries and the Caribbean

-each community member puts in a certain amount on a certain day (for example, first of every month) and the pool of money goes to someone as an emergency fund. The next month, the pool will go to another person.

Dowry-Indian Culture

-the father of the bride would provide a dowry (money or items worth money) to the groom's family when arranging marriage. In some cases this was to support their future family, in some it was because the bride would be living with the groom and his family, and in some it was the bride's family's way of demonstrating their worth and the groom may have chosen between several dowries.

"caja de ahorros"-Panama

-putting money away each month throughout the year and using the sum at Christmas.

Germany-cash

-80's of German purchases are made with cash. This allows them to avoid debt and be aware of their spending.

China-highest savings rate

-China has the highest savings rate due to a lack of a dependable health care system.

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We may have short-term savings and long-term savings.

Short-term savings are designed to cover unexpected expenses that could happen anytime in the next year. These could also include expected expenses in the next year, such as planning to buy new furniture or a plane ticket.

Long-term savings vary depending on their purpose. The most common form of long-term savings is for retirement, however we can also save long-term for vehicles, houses, education, etc.

How do we save money?

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From our budgeting unit:

- Pay Yourself First (as soon as you get paid, put a certain amount away in savings)
- Set aside "extra" money into savings.
- Pay your bills on time to avoid late fees/extra charges/interest.
- Save through specified savings plans.

Specified Savings Plans:

RRSP: Registered Retirement Savings Plan

RESP: Registered Education Savings Plan

RDSP: Registered Disability Savings Plan

RRIF: Registered Retirement Income Fund

TFSA: Tax Free Savings Account

FHSA: First Home Savings Account

GIC: Guaranteed Investment Certificate (This is called a CD in the U.S. which stands for Certificate of Deposit.)

You will each be given one of these savings accounts to explore. You will be educating the rest of the class on your savings plan. Please make all presentations via power point so I can combine them all into one power point presentation.

Some questions to keep in mind:

-What is it? (In simple terms)

-Why should it be considered?

-What does one need to start? (age, etc.)

-Where does one get started?

-What are the benefits? (some you don't pay income taxes on until a certain time, some you collect interest, etc.)

-What are the risks?

-Can each individual have one? More than one? Limited amount of money?

-Are there options for someone with low income?