



# Young Adults & Money Management

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# The Role & Emotionality of Money

## Provides You Options, Freedom and Time

Understanding money gives YOU the power

- Align our goals to your money habits

Understanding the priorities in our lives

- Once we know this, we are in control

Money can evoke strong emotions & behaviours in some people...

Spend now,  
save later

Overwhelmed

I have so  
much time

You only  
live once

Financial  
fear

Intimidated

Anxious

“Money is  
the root of  
all evil.”

“Rich people  
are greedy”

“The quality of your life equals the quality of your emotions.” – Tony Robbins



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# Needs Vs. Wants

Differentiating between needs and wants...

Housing/Rent

New clothes

Video games

Tuition

Going to the movies

Eating out

Gas

Utility payments

Groceries

Truck

Vacation

Knowing your financial needs & priorities are key to financial success!



Cell phone

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# Spending Vs. Saving

## Grow Your Assets

- Make wise choices and focus on *how* your savings can grow over time
- Poor choices can impact your ability to build wealth

**Let's look at some wants...  
and what we spend....**

Daily:  
\$10 on a fast  
food meal  
(3x/week)

Weekly:  
\$30/wk on fast  
food  
\$35/wk clothing

\$80/month toys  
Total \$361 monthly  
spending

Yearly:  
\$4,337  
on "wants"



**Unnecessary expense:  
"wants"**

Year 1: **\$4,337**  
By Year 50: **\$216,870**  
( $\$4,337 \times 50$  years)

# Building Wealth by Saving

What about saving that \$30 a week of wants instead?

Year	Period Investment End of Year	Total Investment	Period Interest (3%/year)	Total Interest	Ending Balance
1	<b>\$4,337</b>	\$4,337	\$0	\$0	\$4,337
2	\$4,337	\$8,674	\$130	\$130	\$8,804
3	\$4,337	\$13,011	\$264	\$394	\$13,405
4	\$4,337	\$17,348	\$402	\$796	\$18,144
5	\$4,337	\$21,685	\$544	\$1,341	\$23,026
10	\$4,337	\$43,370	\$1,322	\$6,349	\$49,719
20	\$4,337	\$86,740	\$3,268	\$29,797	<b>\$116,537</b>
30	\$4,337	\$130,110	\$5,883	\$76,225	\$206,335
50	\$4,337	\$216,850	\$14,122	\$272,350	<b>\$489,200</b>

For illustration purposes only.  
[getsmarteraboutmoney.ca/calculators/compound-interest-calculator](https://getsmarteraboutmoney.ca/calculators/compound-interest-calculator)



# Power of Starting Early

Start early... Money is worth more **now** than in the **future**

Year	Starting Balance	Investment	Ending Balance
0	\$0	\$0	\$0
1	\$0	\$2,000	\$2,140
2	\$2,140	\$2,000	\$4,430
3	\$4,430	\$2,000	\$6,880
4	\$6,880	\$2,000	\$9,501
5	\$9,501	\$2,000	\$12,307
6	\$12,307	\$2,000	\$15,308
7	\$15,308	\$2,000	\$18,520
8	\$18,520	\$2,000	\$21,956
9	\$21,956	\$2,000	\$25,633
10	\$25,633	\$2,000	\$29,567
20	\$54,358	\$0	\$58,163
30	\$106,931	\$0	\$114,416
40	\$210,349	\$0	\$225,073
50	\$413,788	\$0	<b>\$442,753</b>
<b>Total Investment</b>		<b>\$20,000</b>	

Year	Starting Balance	Investment	Ending Balance
0	\$0	\$0	\$0
1	\$0	\$0	\$0
2	\$0	\$0	\$0
3	\$0	\$0	\$0
4	\$0	\$0	\$0
5	\$0	\$0	\$0
6	\$0	\$0	\$0
7	\$0	\$0	\$0
8	\$0	\$0	\$0
9	\$0	\$0	\$0
10	\$0	\$0	\$0
20	\$25,633	\$2,000	\$29,567
30	\$79,991	\$2,000	\$87,730
40	\$186,922	\$2,000	\$202,146
50	\$397,270	\$2,000	<b>\$427,219</b>
<b>Total Investment</b>		<b>\$80,000</b>	

# What is Investing?

**What can you do with the \$30 you saved instead of spent?**

Investing is using money to earn a financial return. The reason you invest money is to grow it in hopes of achieving your financial goals (ex. education, home ownership, retirement)

## Importance of Investing



**Build your wealth**



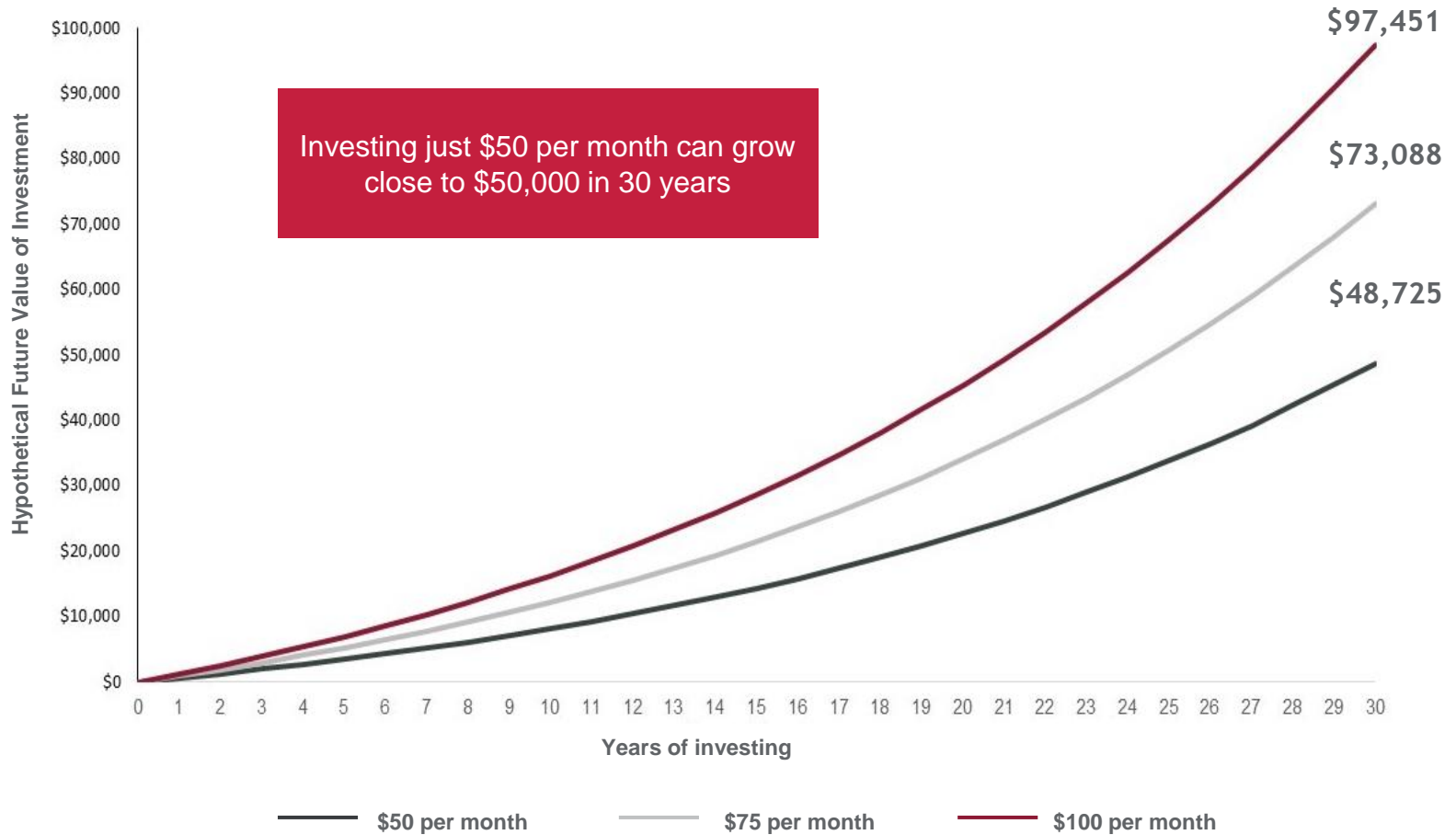
**Reach your goals faster**



**Achieve financial security**

# Start investing early

Even small consistent contributions can add up over time!



# Pay Yourself First

It is important to pay yourself first.

One of the best and easiest approaches to achieving your financial goals is to “pay yourself first” by setting up an automated transfer to your savings and investment accounts.

## Tips on how to pay yourself first:

- **Start small:** There is no set amount of money that you have to set aside; you can change it as your priorities and income change
- **Make it regular:** Set up an automatic bi-weekly or monthly transfer from your chequing account to your savings and/or investment accounts
- **Prioritize:** Consider contributions to your savings and investment accounts a priority expense, just like paying bills.

# Budgeting

## A Budget is a plan for how to spend your money

- Learn the basics so you can buy the things you need (and want), while saving for the future
- If you plan well you'll be able to set money aside for travelling or big purchases

Start early making  
smart money  
decisions

Budgeting is for  
everyone  
*You're never too  
young or too old*

Budgeting is ongoing  
*Re-visit your budget to  
help you stay on track*

By looking at your income and expenses you'll see how much you can afford each month.....

**“Money coming in”** – funds you earn from employment, chores, and other activities

**“OVER spending”** – when you spend more than you make

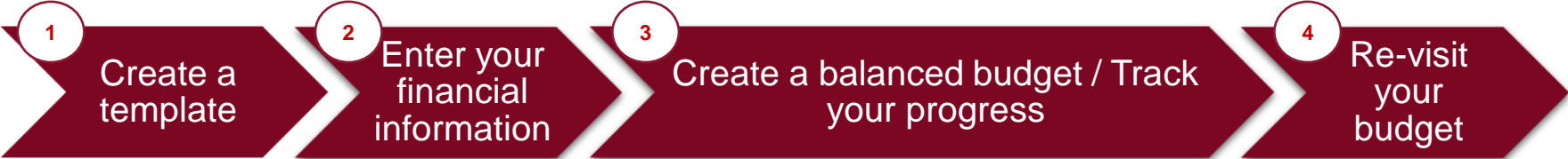


**“Money going out”** – funds used to pay for bills and other responsibilities

**“UNDER spending”** – a positive amount left over after paying expenses means you have funds left over to save

# How to Budget

There are four steps to create a budget:



**My Budget**

Revenue		\$	
Employer #1			
Employer #2			
Expenses		\$	
Expense #1			
Expense #2			
Expense #3			
Savings		\$	
Savings #1			
Savings #2			

**My Budget**

Revenue		\$	
Employer #1			A
Employer #2			
Expenses		\$	
Expense #1			
Expense #2			B
Expense #3			
Savings		\$	
Savings #1			
Savings #2			C

**My Budget**

Revenue		\$	
Employer #1			
Employer #2			
Expenses		\$	
Expense #1			
Expense #2			
Expense #3			y
Savings		\$	
Savings #1			
Savings #2			z

**UNDER BUDGET**

**My Budget**

Revenue		\$	
Employer #1			
Employer #2			
Expenses		\$	
Expense #1			
Expense #2			
Expense #3			y
Savings		\$	
Savings #1			
Savings #2			z

**OVER BUDGET**

**My Budget**

Revenue		\$	
Employer #1			x
Employer #2			
Expenses		\$	
Expense #1			
Expense #2			
Expense #3			y
Savings		\$	
Savings #1			
Savings #2			z

