



# Saving module

## Trainer's introduction

While most people know that it's a good idea to save, many find it hard to get started, to work out a savings plan and to choose savings vehicles that will support their savings goals. This module provides a basic introduction to help them get a start on their savings.

The first part of this module covers the essentials of why and how to save. The second part reviews the main savings vehicles, from savings accounts to registered savings plans, and how to choose among them. The Action plan provides a simple format for defining short-, mid- and long-term savings goals, and the steps needed to achieve them.

It may be useful to supplement this module with Setting Financial goals from the Income, Expenses and Budget module, or to follow it with the Investing module.

## Learning objectives

After completing the module, learners will be able to:

- Explain the benefits of starting a regular savings plan early
- Describe the main features of a savings account
- Describe other vehicles for saving, including term deposits, GICs, CSBs and simple investments
- Calculate savings at compound interest rates
- Apply the Rule of 72 to estimate the doubling time for an investment
- Choose a personal strategy for savings, including the concept of paying yourself first and including savings as part of a budget
- Describe the advantages and disadvantages of tax-deferred savings plans
- Describe the main features of TFSAs, RRSPs, RESPs and RDSPs

## Materials/equipment required

- Copies of selected mini-modules or activities for participants
- PowerPoint file: Saving
- PowerPoint projector and screen
- Internet connection (if using)



## Time required

	To do all the activities in this module would require approximately:	To complete the module in one hour, focus on:
Introduction	<ul style="list-style-type: none"> <li>• 10 minutes</li> </ul>	<ul style="list-style-type: none"> <li>• Activity 1</li> </ul>
1: Savings basics	<ul style="list-style-type: none"> <li>• 45 minutes</li> </ul>	<ul style="list-style-type: none"> <li>• Slides 7, 9</li> <li>• Activity 4 (Emotions, habits, behaviours)</li> <li>• Slide 13</li> <li>• Activity 6 (FCAC Banking Tools)</li> <li>• Slide 15</li> </ul>
2: Savings vehicles	<ul style="list-style-type: none"> <li>• 45 minutes</li> </ul>	<ul style="list-style-type: none"> <li>• Slides 19, 20</li> <li>• Activity 8 (Savings Account Selector Tool)</li> <li>• Slides 21 to 26</li> <li>• Activity 10 (What's the best choice?)</li> </ul>
3: Action plan	<ul style="list-style-type: none"> <li>• 5 minutes to get started</li> </ul>	<ul style="list-style-type: none"> <li>• Activity 11 (Action plan)</li> </ul>

## Suggested activities and PowerPoints

Use the slides together with the text in the online modules. The text provides additional information, items that are not easily represented in a slide, worksheets and other references.

### Introduction

Customize the agenda as needed. Introduce the workshop topic and outline the contents.

### Slide 1: Saving title page



### Slide 2: Agenda





Start time: \_\_\_\_\_  
 Break time: \_\_\_\_\_ (10 minutes)  
 End time: \_\_\_\_\_

Please set phones to silent ring and answer outside of the room.

### Activity Icebreaker: Why don't people save?

Have participants fill in the Why don't people save? checklist in the Savings basics mini-module.

Using the slide, Why don't people save? if necessary, discuss the group's results by asking questions such as:

- How many people checked one or more items on the list, or added a reason to the list?
- Which reasons do you think are the most important ones for most people? Why?
- How do factors like these affect people's ability to save and manage their money?

Extend the discussion by asking questions such as the following:

- If there's one thing you want to learn in this session, what would it be?
- What's the most important thing to know about saving for your personal finances?
- If there's one thing you could already tell your best friend about saving your money, what would it be?

Conclude the activity by summarizing some things people already know. Explain that the session is going to build on what people know to help participants save more effectively.



### Slide 3: Why don't people save?

#### Some reasons why people don't save regularly

- We do things the way we are comfortable doing them, as we did in the past. "I always go out for lunch. I could save the money and make lunch, but I'd have to get organized for that."
- We put off things until later, especially things we don't really want to do anyway. "I'll start a savings plan next year, after I go on this year's vacation."
- We often downplay what we want in the future. We don't think much about the future unless we have to. "I know I should keep my savings for when I retire, but I really need to remodel the kitchen this year."
- We don't always know what we will want in the future, or what financial choices will be best for us, but we do know what we want right now. It's easier to choose what we know we want. "I think it's probably a good idea to save something for the future. But I know I want to go out for dinner tonight."
- It's often hard to make clear decisions about the future, involving complicated choices and complex information. "Should I really choose the 3-year savings plan at 4% interest or the 5-year plan at 3.5% interest, with a right to choose a different rate after the first year?"
- Often, we are over-confident in our own abilities. "I'll be able to save more when I'm older, so I don't need to worry about it now."
- We think saving means doing without. "If I put money aside, I won't be able to have fun or buy the little extras I like."
- Add any reasons you can think of that are not listed.

### Slide 4: Saving

This module covers:

- Why saving regularly will help you
- The power of starting to save early
- Some tips to make it easier to save
- Key ways to start saving for your goals

### Mini-module 1: Savings basics

#### Slide 5: Title slide: Savings basics

Savings basics

#### Overview

#### Slide 6: Savings basics

This section covers:

- Why people save—and why they don't
- The benefits of starting your savings early
- Guidelines for a savings plan that works for you



### Slide 7: Why save?

Reasons people save:

- Helps you achieve important goals
- Gives you security
- Gives you choices
- Saves you money

### Tip:

Point out that experts recommend you have an emergency fund of three to six months income to cover unexpected expenses or loss of income.

### Activity What are you saving for?

Have participants fill in the What do you need to save for? checklist. Using the slide, What do you need to save for? if necessary, prompt discussion by asking questions such as the following:

- What items did you check from the list or add to the list?
- Could you afford any of the items listed without saving?
- How do you normally go about paying for things like the ones on the list?
- If you normally use credit for items like these, how will that affect your future savings?
  - **Answer:** You may have to defer savings for other goals until you catch up, and you'll be paying interest instead of earning it.
- How can a plan for savings help you get what you need with more choice and security?
  - **Answer:** If you have a plan and work towards it, you can build up the money you need for your important goals. You will have more security because you'll have a cushion if unexpected expenses come along or your income drops. You'll be able to choose what to spend your money on and when to spend it, and you'll be able to save by avoiding the cost of borrowing.



## Slide 8: Why Save?

### Reasons people save

- ❑ Saving helps you **achieve important goals**. Most people, even with a high monthly income, cannot pay for all the things that are important to them unless they save.
- ❑ Saving gives you **security**. When unexpected expenses come along, or you have a sudden loss of income, you won't be faced with the question, What do I do now? You'll have a bit of a cushion to give you a chance to reorganize your finances if necessary.
- ❑ Saving gives you **choices**. Savings let you look past just paying your current bills. Without savings, you don't have the freedom to choose what's important to you.
- ❑ Saving **saves you money**. Without savings, when you want to do something that's not in your current budget, you have to borrow money. Borrowing is expensive, because not only do you have to pay it back, you also pay interest, often at a high monthly rate. Saving lets you avoid the interest you have to pay to borrow money.

### Activity Why don't people save?

If you skipped the Icebreaker activity on Why don't people save?, do the activity now.

## Emotions, habits, behaviours

### Slide 9: Emotions, habits, behaviours and your money

What affects your ability to save?

- Financial factors (your income and expenses)
- Non-financial factors
  - Emotions
  - Habits
  - Behaviours

Identify the personal factors that affect your saving and take steps to control them.

### Activity Emotions, habits, behaviours

Have participants fill in the Steps to better financial decisions checklist, but leave the last column blank. Referring to the slide, Steps to better financial decisions, if necessary, prompt discussion by asking questions such as the following:



- Can you describe any positive or negative habits or behaviours that affect your ability to save? How are you feeling when you do these behaviours?
- What items on the list could help you with any personal factors that affect your saving?
- How do action steps like those listed make it easier to deal with personal factors that affect saving?
  - **Answer:** Most emotions, habits and behaviours happen without thinking. The steps on the list can help you to save automatically, without thinking. They also create rewards to encourage good financial habits.
- What other steps could help stick to savings commitments?
  - **Answer:** E.g., save and invest tax refunds or work bonuses; when debts are paid off, apply the same amount to savings goals;

Have participants review the items from the worksheet that they could act on, and write in the last column a date when they will take the first steps to start action on the item.

Slide 10: Steps to better financial decisions

Steps to better financial decisions			
OK	Does not apply	Steps to help me save	When I'll do it
<input type="checkbox"/>	<input type="checkbox"/>	I will pay off costly debts that keep me from putting money into my savings.	<input type="text" value="dd/mm/yyyy"/>
<input type="checkbox"/>	<input type="checkbox"/>	I will start an automatic savings transfer at my financial institution.	<input type="text" value="dd/mm/yyyy"/>
<input type="checkbox"/>	<input type="checkbox"/>	I will talk to an adviser at my financial institution every year to learn about my savings plan and other financial options.	<input type="text" value="dd/mm/yyyy"/>
<input type="checkbox"/>	<input type="checkbox"/>	I will make a written plan to set aside enough money for my future goals, and check once a month to see if I am on target.	<input type="text" value="dd/mm/yyyy"/>
<input type="checkbox"/>	<input type="checkbox"/>	I'll set a savings target with a group of friends, and get together to help each other to meet our targets.	<input type="text" value="dd/mm/yyyy"/>
<input type="checkbox"/>	<input type="checkbox"/>	I'll give myself an inexpensive reward (make my favourite meal, see my favourite video) every month that I meet my savings target.	<input type="text" value="dd/mm/yyyy"/>
<input type="checkbox"/>	<input type="checkbox"/>	If I spend money on something when I know I should save, I'll put an equal amount into my savings account before I make any more expenses.	<input type="text" value="dd/mm/yyyy"/>
<input type="checkbox"/>	<input type="checkbox"/>	I will "pay myself first" and set aside a certain percentage of my income (e.g., 5%, 10% or 15%) for savings every month.	<input type="text" value="dd/mm/yyyy"/>
List any other steps you could take to help you stick with your savings commitments:			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text" value="other step"/>	<input type="text" value="dd/mm/yyyy"/>



### Activity Video: Why you should save and how

Screen the video, Why you should save and how.

Introduce the video and give participants a copy of the video response sheet. Have them answer the questions on the sheet as they view the video and when it ends.

Following the video, ask some participants to share their comments with a neighbour or with the group.

Extend the discussion by asking questions such as the following:

- Why does the video say that it's important to make a plan for your savings?
  - **Answer:** It's important to write down a goal and a target date so that you can work out what is realistic, take steps toward the goal and measure your progress.
- What does the video mean by "pay yourself first?" and why is it important?
  - **Answer:** It means to set aside your savings first, before you have a chance to spend it on optional expenses. When you set it aside first, you won't miss it and are less likely to want to spend it.
- How does investing help you save?
  - **Answer:** Investing wisely can help your savings grow, especially if you take advantage of registered savings plans. It's wise to get professional advice about investments that will meet your savings goals.

### Video response sheet

Name: \_\_\_\_\_ Date: \_\_\_\_\_

Name of video: \_\_\_\_\_

What points in the video do you agree with?

What points in the video do you disagree with?

What points in the video do you need more information about?

If you had to summarize the video for a friend, what would you say were the most important points?



## Interest

### Slide 11: Case study: Saving for their future

	Sean and Helen	Macario and Tala
Monthly saving	\$250	\$250
Years of saving	40	30
Total contributions	\$120,000	\$90,000
Interest earned	3.5%	3.5%
Total interest	\$140,917	\$68,603
Total savings with interest	\$260,917	\$158,603

Note: These are simplified calculations. In any real-life savings plan, many additional factors would be important, such as rates of inflation, taxes and investment costs.

### Slide 12: Financial Goal Calculator

[Click here to view tool online](#)

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**Financial Goal Calculator**

From [Financial Consumer Agency of Canada](#)

**Dashboard**

The Financial Goal Calculator is designed to help you manage your debt and savings goals.

The Dashboard is the control centre for the Financial Goal Calculator. You can return to this page at any time by clicking the "Go to dashboard" button. Choose a goal below to start using this tool.

This tool is for reference only. Learn about [the assumptions made by this tool as well as its limitations](#). Speak with your financial institution if you want help understanding your personal finances.

**Note:** For security purposes, your session will time out after 20 minutes of inactivity.

PLAN TO GET OUT OF DEBT

SET YOUR SAVINGS GOALS

RATE THE FINANCIAL GOAL CALCULATOR



### Activity FCAC Financial Goal Calculator

Click the link on the slide to demonstrate the Financial Goal Calculator page if you have an internet connection.

Explain that electronic or online savings calculators can help calculate how to meet savings goals.

Ask participants for savings goals that they are interested in and then demonstrate how to use the calculator to show savings over time.

Point out how users can enter data to calculate what contributions are needed, how much time is needed to achieve a goal, and how different interest rates can affect the results.

Have participants use the savings calculator during the session or later to calculate how to achieve their own savings goals.

### Slide 13: Rule of 72

Roughly how long will it take to double my money?

Using compound interest:

- $72 \div \text{interest rate} = \text{number of years to double savings}$   
E.g.:  $72 \div 5\% = 14.4$  years to double
- $72 \div \text{years} = \text{interest rate needed double savings}$   
E.g.:  $72 \div 10 \text{ years} = 7.2\%$  interest needed to double

### Slide 14: The Rules of Saving

- Pay off high-interest debts first
- Put money regularly into a savings account
- Put savings into a plan that others contribute to (e.g., RESP)
- Put savings into a plan that avoids taxes (e.g., TFSA, RRSP)

### Activity Summary of key messages

Have participants review the topics covered.

Have participants in pairs or small groups discuss and write down the three or four most important things they learned during the session.



Ask a few to compare their lists with the Summary of key messages (in the text or PowerPoint slide). Clarify any misunderstandings and point out how the messages build on the topics participants identified in the first activity.

### Slide 15: Summary of key messages

- Saving helps make your future financially secure
- A savings plan based on regular contributions lets you accumulate money
- Compound interest grows your savings faster
- Start early to give your savings time to grow

## Mini-module 2: Savings vehicles

### Slide 16: Title slide: Savings vehicles

Savings vehicles

### Overview

### Slide 17: Savings vehicles

This section covers:

- The most popular ways to keep your savings secure
- How to choose the savings vehicles that are best for you
- How to get the best return on your savings

### Slide 18: Savings accounts

- Deposit at bank, credit union, caisse populaire or trust company
- Keep your savings safe and get a little interest
- Different costs and features: shop around



## Slide 19: Account Comparison Tool

[Click here to view tool online](#)

The screenshot shows the Government of Canada website with the following content:

- Government of Canada / Gouvernement du Canada
- Search Canada.ca
- MENU
- Home > Money and finances > Managing your money > Banking
- Account Comparison Tool**
- From [Financial Consumer Agency of Canada](#)
- Compare features for different chequing and savings accounts, including interest rates, monthly fees and transactions. Find an account that best suits your needs. Narrow your search, view search results, and compare your results below.
- The information in this tool has been provided by financial institutions to help you compare chequing and savings accounts that may be available to you. Additional fees and service charges may apply. Please contact financial institutions directly for more information about their products.
- Your comparison progress**
  - 1 Narrow your search
  - 2 See your results
  - 3 Compare your results
- Help

### Activity Account Comparison Tool

Click the image on the slide and select your province to demonstrate the FCAC Account Comparison Tool if you have an internet connection.

Ask participants for selection data that they are interested in and then show the results.

Point out the tabs at the top of the results table, which provide information on additional account features.

Point out the Savings Account Features comparison chart in the Savings Vehicles mini-module where they can record data by hand for comparison.

Have participants use the selector tool during the session or later to find an account that best suits their needs.

### Savings vehicles

#### Slide 20: Term deposits and guaranteed investment certificates

- A deposit, usually for a fixed time at a fixed rate
- May be a penalty to withdraw early
- Return is usually guaranteed
- Variety of terms and rates: shop around



### Slide 191: Government savings bonds

- Issued by federal or provincial government
- Usually a fixed rate for a fixed time
- May lose interest if you sell early
- Return is usually guaranteed
- Can buy or sell at most financial institutions

### *Registered savings plans*

#### Slide 202: Tax-Free Savings Accounts (TFSA)

- Income earned is tax free
- Deposit up to \$6,500 in 2023
- Can include most common types of investment
- Information: [The Tax-Free Savings Account](#)

#### Slide 213: Registered Retirement Savings Plans (RRSP)

- Defers income tax on deposit and income the deposit earns until withdrawn
- Deposit limited to 18% of employment income
  - Maximum limit (\$30,780 in 2023)
- Can include most common types of investment
- If withdrawn early, part is withheld for taxes
  - Temporary withdrawal allowed for home buying and education
- Information: [RRSP](#)

#### Slide 224: Registered Education Savings Plans (RESP)

- Saving for a child to pay for education after high school
- Income earned is tax free until withdrawn
- Then taxed as income of the child
- Eligible for grants from Canada and Quebec
- Information: [Registered Education Savings Plans / Québec Education Savings Incentive](#)



### Slide 235: Registered Disability Savings Plans (RDSP)

- Saving to support a person with a disability
- Income earned is tax free until withdrawn
- Then taxed as income of the disabled person
- Eligible for grants from Canada
- Information: [Registered Disability Savings Plan](#)

### Activity Video: Saving with Registered Plans

Screen the video, Saving with Registered Plans.

Introduce the video and give participants a copy of the video response sheet. Have them answer the questions on the sheet as they view the video and when it ends.

Following the video, ask some participants to share their comments with a neighbour or with the group.

Extend the discussion by asking questions such as the following:

- What is the key benefit of registered savings plans?
  - **Answer:** They allow you to avoid or defer paying income tax on money earned by your savings while benefiting from compound growth over many years.
- How are TFSAs different from other registered plans, such as RRSPs?
  - **Answer:** Income in TFSA is completely tax-free. Income in other plans is taxed when it is taken out of the plan, although the tax rate may be lower or zero.
- What benefits do RESPs and RDSPs have that other savings plans do not?
  - **Answer:** They are eligible for government grants. They also allow you to shift income to someone who may pay a lower income tax rate.
- In your own case, which type of registered savings plan would be of most benefit? Why?

Emphasize that many conditions apply to registered savings plans, and you should always get expert advice to choose a plan that is best for you.

### Video response sheet

Name: \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_

Name of video: \_\_\_\_\_



What points in the video do you agree with?	What points in the video do you disagree with?
What points in the video do you need more information about?	
If you had to summarize the video for a friend, what would you say were the most important points?	

### Activity What's the best choice?

Have participants form groups of three or four and review the What's the best choice scenarios.

Have each group read scenarios and discuss which of the options they would recommend.

Have some groups report their recommendations for each scenario and the reasons for them. Have them compare their recommendation with the ones given in the Savings Vehicles mini-module.

Extend discussion by asking questions such as the following:

- Which scenarios were hardest to decide? What made them hard to decide?
- What strategies should people use when they are ready to start to save?
  - **Answer:** First, set up a regular savings plan. Then consider how to make your savings grow. It's a good idea to get advice from your financial institution to help you choose the best savings plan for your needs.
- What types of savings plans could you use in your own case? What makes that the best choice for you?

### Activity Summary of key messages

Have participants review the topics covered.

Have participants in pairs or small groups discuss and write down the three or four most important things they learned during the session.



Ask a few to compare their lists with the Summary of key messages (in the text or PowerPoint slide). Clarify any misunderstandings and point out how the messages build on the topics participants identified in the first activity.

### Slide 246: Summary of key messages

- Some of the main savings vehicles are:
  - Savings accounts
  - Term deposits and guaranteed investment certificates
  - Government savings bonds
  - Registered savings plans (TFSAs, RRSPs, RESPs, RDSPs)
- Consider the returns, conditions, deposit insurance, tax implications etc.
- Shop around to find the best plan for your needs
- Each plan has costs and limitations
  - Understand the terms and how they fit your needs

### Action plan

Activity	Action plan
	<p>Have participants review the Action plan.</p> <p>Have participants list one or more goals and their estimated costs (Step 1).</p> <p>Have participants plan how they could raise the money to meet their goal (Step 2).</p> <p>Have participants check off any action that they may need to take (Step 3).</p> <p>Ask participants to decide when and how they will take the action they need.</p> <p>Ask if any participants are willing to share their plans for action.</p> <p>Extend discussion with questions such as the following:</p> <ul style="list-style-type: none"> <li>○ What's the first step you need to do to better manage your saving?</li> <li>○ What items on the checklist need the most work?</li> <li>○ What makes some items on the checklist harder to do than others?</li> <li>○ What other types of problems with saving do you need more information about?</li> </ul>



Slide 257: Action plan: Step 1—My goals

My goals	
<b>Short-term goals (within the next year)</b>	
<b>Estimated cost</b>	
Short-term goal #1	0.00 \$
Short-term goal #2	0.00 \$
Short-term goal #3	0.00 \$
<b>Total short-term cost</b>	\$ 0.00
<b>Mid-term goals (one to three years)</b>	
<b>Estimated cost</b>	
Medium-term goal #1	0.00 \$
Medium-term goal #2	0.00 \$
Medium-term goal #3	0.00 \$
<b>Total mid-term cost</b>	\$ 0.00
<b>Long-term goals (more than three years)</b>	
<b>Estimated cost</b>	
Long-term goal #1	0.00 \$
Long-term goal #2	0.00 \$
Long-term goal #3	0.00 \$
<b>Total long-term cost</b>	\$ 0.00



Slide 268: Action plan: Step 2—My savings plan

My savings plan			
Goal	Cost	Time-frame (months)	Monthly savings
E.g.: wide-screen television	800.00 \$	12	$\$800.00 \div 12 = \$66.67$
other	0.00 \$	12	$\$0.00 \div 0 = \$0$
other	0.00 \$	12	$\$0.00 \div 0 = \$0$
other	0.00 \$	12	$\$0.00 \div 0 = \$0$
Total savings I need per month:			\$0.00

Slide 29: Action plan: Step 3—My savings checklist

My savings checklist			
OK	Does not apply	What I'll do	When I'll do it
<input type="checkbox"/>	<input type="checkbox"/>	I'll track my income and expenses to create a monthly budget	<input type="text"/>
<input type="checkbox"/>	<input type="checkbox"/>	I'll identify expenses I can cut out, or cut down	<input type="text"/>
<input type="checkbox"/>	<input type="checkbox"/>	I'll identify ways to increase my income (work extra hours, sell handicrafts, etc.)	<input type="text"/>
<input type="checkbox"/>	<input type="checkbox"/>	I'll set up a dedicated savings account	<input type="text"/>
<input type="checkbox"/>	<input type="checkbox"/>	I'll set up an automatic transfer to my savings account	<input type="text"/>
<input type="checkbox"/>	<input type="checkbox"/>	I'll check each month that I meet the savings goal I set for myself	<input type="text"/>