



Money Matters

for Indigenous Peoples



WORKBOOK 3

# Borrowing Money

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You can learn more about her work at [suzannemethot.ca](http://suzannemethot.ca)



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# Welcome to *Money Matters for Indigenous Peoples*

We designed Money Matters for Indigenous Peoples to help you take better care of yourself by taking better care of your money. We'll talk about how to manage money online and in your daily life.

No matter who you are or what your situation is, it can be hard to think and talk openly about money. It can be hard even with people you know well. Be patient with yourself as you get started. We organized this workbook around the Indigenous “4 Rs” – the values of respect, responsibility, **reciprocity**, and relationships. The 4 Rs will guide our talk and may help you feel more comfortable.

When you feel good about money and money management, you're less stressed. You have more energy for the things that are important to you.

## Money words

When something is **reciprocal** it is shared or felt by both sides. A reciprocal process means doing things in a way that balances giving and taking. Indigenous systems are based on reciprocity, give and take. When reciprocity is combined with respect and responsibility, it creates strong relationships.

## What will you learn?

In today's workshop you will learn how to:

- What credit is
- How credit works
- What credit can do for you and how to manage it
- Ways to borrow money
- How interest affects the amount you owe
- How to build your credit history and why it's important





## Borrowing money

This workbook is about **credit**:

- What it is
- How to use it wisely
- How to get it under control when you have a lot of **debt**

You'll look at different kinds of credit and the cost of borrowing. You'll also learn about ways to plan ahead for when you need to borrow money.

Borrowing money can help you meet your needs and work toward your goals. It can also create hardship if you do not meet your responsibilities to the lender.

### Money words

**Credit** is when you buy now and pay later. You usually pay a fee when you use credit. The fee includes interest and often involves service charges.

**Debt** is the money you've borrowed and need to repay. The amount of debt usually includes the amount you borrowed plus **interest**.

**Interest** is a fee someone pays when they borrow money. When you get a loan or use credit, you need to pay back the amount you borrowed plus interest. The amount of interest is usually shown as a percentage of the money borrowed.

## Getting in touch with your money

Think about your money, your life, and your family. Have you ever bought something using credit? Do you find it hard to pay off your debt?

Check the box next to the statement that sounds most like you:

- I feel good about how I manage my money. I don't have any debt or I have a solid plan for paying off my debt.
- I don't worry too much about money. I could be better at managing my debt, but I usually make my payments on time.
- I worry about my debt. I can't sleep and sometimes I feel anxious or stressed about it.
- None of the above apply to me. Here's my situation:

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## Let's talk about it

Lots of people have debt, and lots of people buy things using credit. Debt and credit are ordinary parts of how we manage our money. Sometimes debt and credit help us, and sometimes they can cause trouble.

- Do you think debt is bad?
- Do you think credit is bad?
- Do you think there is such a thing as “good debt” or “good credit”?
- Do you think you can use credit to improve your life?

Now let's think about how you manage your money.

- Have you ever made a spending plan?
- What did it show?
- What do you do if you spend more money than you make?

Spending more money than you make is a common way to build up debt. If you don't watch your money closely, debt can surprise you.

## Meet Leland

Leland's local store had a "Buy Now, Pay Later" sale. He saw a big-screen TV in a flyer, and decided that he couldn't pass up such a good deal. Leland bought the TV using his **credit card**.

He also has another credit card from a department store. Sometimes he has to get a **cash advance** on one credit card to make the **minimum payment** on his other credit card. So far, he has managed to make all the payments.

### Money words

A **credit card** is a card that lets you use credit to buy things now and pay later. If you don't pay your full bill each month, you'll have to pay fees and interest.

A **cash advance** is when you use your credit card at the bank or bank machine to take out cash when you don't have any available funds in your chequing or savings accounts.

A **minimum payment** is the amount you need to pay toward a credit card bill each month.





## Good debt, bad debt

Think back to Leland’s story. He is on the fast track to big money trouble. Do you see any warning signs?

### Warning signs

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

Have you ever bought something on a “Buy Now, Pay Later” offer?

What were the rules about when you had to pay?

Was the experience good or bad for you? Use the values of respect, responsibilities, and relationships to help you describe the situation.

If you’re having trouble paying for the things you need or want, avoid “Buy Now, Pay Later” offers. If you don’t pay on time, the fees and high interest rates will make your debt even bigger. *Information from Financial Consumer Agency of Canada*



## Meet Kelly

Kelly's bank suggested that she get a credit card. They said it would help her start building a **credit history**. Kelly only uses the card to buy a few things each month, and when she gets her bill, she pays the full amount she owes. Kelly was glad she had the credit card when her mother got sick. She was able to buy a bus ticket to visit her mother in the hospital.

How does Kelly use her credit card differently from Leland?

1.

2.

3.

### Money words

**Credit history** is information about who you've borrowed money from, and how long it takes you to pay back the money you've borrowed.

If you're careful, credit cards can be great tools. Only use them when you know you can pay off the bill at the end of the month. This is one way to respect yourself and meet your responsibilities to others.

### Money challenge

Do you know the date when a credit card or another payment is due each month? Knowing this date helps you avoid interest and late fees. You can find this information on your bill.



## What's my situation?

Read the statements below. Check the boxes next to the ones that sound most like you and the way you think about credit. There are no right or wrong answers here. This is about you and your life.

Statement	Yes	No	I don't know
1. I pay my bills on time.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. I'm careful about the total amount of debt I have.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. I know what happens if I make a late payment on the money I owe.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. I've asked for my <b>credit report</b> .	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. I avoid using the kinds of credit that charge high fees and interest.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. I have a credit card to help me build a good credit history.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. I've gone for a free appointment with a <b>credit counsellor</b> .	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. I have a debt <b>payment plan</b> for myself.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Money words

A **credit report** is a report about your credit history. It says who you've borrowed money from and whether you paid the money back on time.

A **credit counsellor** is a person who can help when you're having trouble managing your debt.

A **payment plan** is a schedule for paying back your debt. It can include information on when you'll make payments and the amount you'll pay.

## Ways to borrow money

Type of borrowing	What it is	Money notes
<b>Payday loan</b>	A short-term loan from a cash store.	Fees are high. If you don't pay back the loan by the due date, you'll have to pay a lot of interest. This can keep you in debt.
<b>Buy now, pay later</b>	When a store sells you an item now, and you agree to pay for it by a certain due date.	If you don't pay on time, you may have to pay a lot of interest. This interest usually starts from the date you got the item.
<b>Rent to own</b>	You rent an item. After you make payments for a certain amount of time, you own it or can buy it. You don't own it while you're renting it.	You usually end up paying a lot more in total than if you had bought the item at the start.
<b>Pawnshop</b>	A place where you can get a loan by leaving behind an item you own, like a watch or TV.	If you don't pay the loan back by the due date, the pawnshop keeps the item.
<b>Lease</b>	You rent an item for a period of time but don't own it.	At the end of the lease, there may be extra costs, like "wear and tear" on a car.
<b>Bank credit card</b>	A credit card from a bank or other financial institution.	Interest rates and fees are different from card to card, but there are low-interest options.
<b>Retail credit card</b>	A credit card from a store.	Interest rates are often much higher than a bank credit card.

## More ways to borrow money

Type of borrowing	What it is	Money notes
<b>Line of credit</b>	A pre-approved loan that lets you borrow money when you need it.	Interest rates on lines of credit from a bank are often lower than on credit cards or other kinds of loans.
<b>Cash advance on a bank credit card</b>	A cash loan from your credit card.	Often, you'll pay more interest than you would on a line of credit, but less than on a payday loan.
<b>Overdraft</b>	A way to withdraw more money than you have in your bank account.	You pay interest on the amount you took out until you pay it back into your account plus the fees. An overdraft costs less than a payday loan.
<b>Secured credit card</b>	A credit card where you make a payment before you use it.	The credit limit is usually the same as the amount you pre-paid.
<b>Personal loan</b>	A loan for you to use personally, not for a business. Also called a consumer loan.	Interest rates change depending on your credit history.
<b>Mortgage</b>	A personal loan to help you buy a home. It's often considered a "good" debt.	Interest rates depend on things like your credit history and income. If you don't make payments on time, you can lose your home.
<b>Student loan</b>	A government loan to help pay tuition and other costs. It's often considered a "good" debt.	Interest rates are usually low. You start paying back the loan after you leave school.

## Different kinds of credit

Now let's think about how you manage your money.

- Have you, your partner, or any of your group members used any of these kinds of credit?
- How much interest did you and they pay on the money they borrowed?
- What happened if you and they were late paying the money back? How did this affect your relationship with the lender? With yourself and with the people in your life?

There are lots of different ways to borrow money. Each loan will have a different amount of time you can take to pay the money back. It all depends on the kind of **loan** you get.

Compare your list of different kinds of credit to the “Ways to Borrow” chart on the last 2 pages.

### Money words

A **loan** is money that you have borrowed. You agree to pay it back in a certain amount of time, sometimes in a few different payments. You'll also pay interest or fees on top of paying back the money you borrowed.





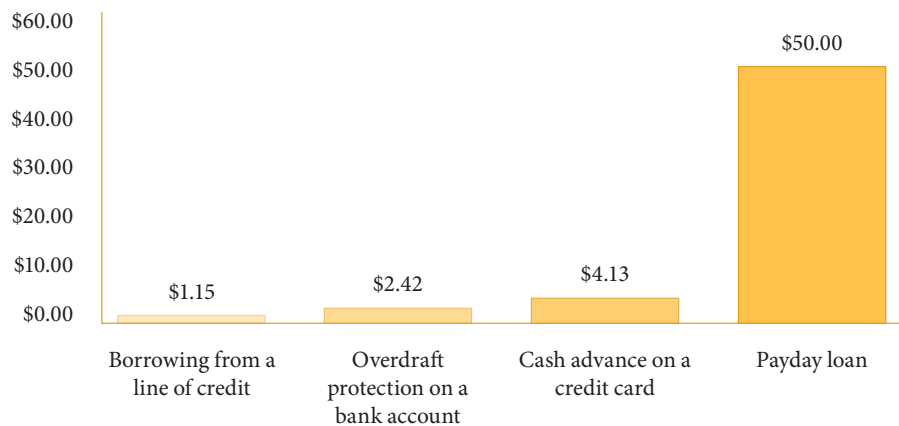
## Let's talk about it

What do you think about the different ways to borrow money? Talk about your ideas with a partner or in a group.

- What are the good and bad things about the different ways of borrowing money?
- If you have to borrow money, what way would you choose first?
- If you're not sure which way is best for you, how can you get help?
- How does borrowing money fit into your cultural beliefs?  
How does it fit into the "4 Rs" values of respect, responsibility, reciprocity, and relationships?

Let's compare the cost of a payday loan with other types of short-term loans.

### Based on a \$300 loan taken for 14 days



*This information is from the Financial Consumer Agency of Canada*

#### Buyer beware

Many stores offer interest-free deals when you buy things using the store's retail credit card. This is a type of "Buy Now, Pay Later" deal. But if you don't pay back all the money you owe by the due date, you'll be charged interest from the date you made the purchase.

The interest rate for retail credit cards is higher than for bank credit cards. That means that this type of "deal" can end up costing you a lot of money.

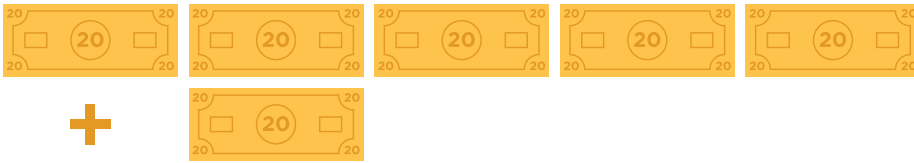
# How does interest work?

Let's say you borrow \$100.



Your interest rate is 20% per year (**APR**).

If you don't pay back the amount you borrow on time, you'll have to pay back an extra 20% on top of what you already owe.

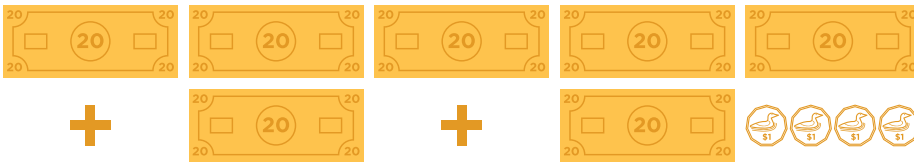


### Money words

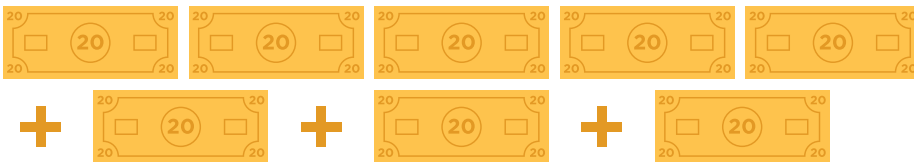
**APR** is short for Annual Percentage Rate.

**APR** is the interest rate that's charged on a loan each year.

The amount you owe can keep getting bigger if you miss more due dates. That's because you'll pay interest on the whole amount you owe, including the interest. This is called compound interest.



Some credit cards have penalties when you miss payments. They might raise your APR, so you'll pay even more interest. Some cards also have service charges and annual fees. The amount of money you owe can grow very quickly.





## Leland's choice

Leland's cell phone has stopped working. He found a store that will repair his phone for \$60. He needs his phone, but he doesn't have the cash to repair it. Sometimes we all have to borrow a little money to get the things we need.

How can he pay to get his phone fixed? Let's assume he'll pay back the money within one year. He could pay for the repair with a credit card, payday loan, or line of credit. Let's do some money math to decide which way to borrow money is best.

The cost of borrowing \$60 for one year is:

- **Payday loan:** 25% + \$10 service fee
- **Line of credit:** 5%
- **Credit card:** 20%

Payday loan		Line of credit		Credit card	
Loan:	\$60.00	Loan:	\$60.00	Loan:	\$60.00
Interest: (.25 on calculator)	x 25%	Interest: (.05 on calculator)	x 5%	Interest: (.20 on calculator)	x 20%
Total Interest:	\$15.00	Total Interest:	\$ 3.00	Total Interest:	\$12.00
+ Service Fee:	\$10.00	+ Service Fee:	\$ 0.00	+ Service Fee:	\$ 0.00
Total cost of loan:	\$25.00	Total cost of loan:	\$ 3.00	Total cost of loan:	\$12.00

The cost of borrowing is:

- **Payday loan:** \$25
- **Line of credit:** \$3
- **Credit card:** \$12



## Money math: short-term loans

Imagine you're sleeping on a very lumpy mattress. You'd like to get a new one so you can sleep better. But you don't have the cash to replace it right now.

Let's assume a new mattress will cost \$200. You could pay with a payday loan, line of credit, or credit card. If you plan to pay back the loan in one year, how much would it cost you to borrow \$200 to buy a mattress?

<b>Payday loan</b>		<b>Line of credit</b>		<b>Credit card</b>	
Loan:	\$200.00	Loan:	\$200.00	Loan:	\$200.00
Interest:	x 25%	Interest:	x 05%	Interest:	x 20%
(.25 on calculator)		(.05 on calculator)		(.20 on calculator)	
<hr/>		<hr/>		<hr/>	
Total Interest:	\$	Total Interest:	\$	Total Interest:	\$
+ Service Fee:	\$ 10.00	+ Service Fee:	\$ 0.00	+ Service Fee:	\$ 0.00
<hr/>		<hr/>		<hr/>	
Total cost of loan:	\$	Total cost of loan:	\$	Total cost of loan:	\$

The cost of borrowing is:

- **Payday loan:** \$ \_\_\_\_\_
- **Line of credit:** \$ \_\_\_\_\_
- **Credit card:** \$ \_\_\_\_\_

You can check your answers on page 33.

When you need a loan, always compare the cost of borrowing money from different places. Doing the money math helps you save money by making a smart money choice.





## Money math: interest

Imagine you're planning to spend \$500 on a plane ticket. You want to get a new credit card to pay for it because you don't have enough cash right now and it's an emergency. You plan to pay off the balance in one year.

Which credit card would be the smarter money choice?

- Credit Card A, with an interest rate of 19% and no annual fee?  
- or -
- Credit Card B, with an interest rate of 12% and an annual fee of \$50?

### Hint!

To figure out the interest you'll pay for a year, multiply the balance by the interest rate. Write the interest rate as a decimal. For example, 19% as a decimal is 0.19 and 12% as a decimal is 0.12.

### Credit card A: interest rate of 19% with no annual fee

Balance	Interest	Annual fee	Annual cost (not including balance)
\$500	$(\$500 \times 0.19) = \$95$	\$0	\$95

### Credit card B: interest rate of 12% with an annual fee

Balance	Interest	Annual fee	Annual cost (not including balance)
\$500	$(\$500 \times 0.12) = \$60$	\$50	\$110

Use the math you learned on page 16 to calculate the cost of borrowing different amounts of money on different credit cards. Remember to check the interest rates and whether the cards have an annual fee. This will help you choose the credit card that is right for your situation.

Example:

Which card is better for a \$1,000 balance: the credit card with an annual fee or the card with no annual fee?

**Credit card C: interest rate of 19% with no annual fee**

Balance	Interest	Annual fee	Annual cost (not including balance)
\$1,000	$(\$1,000 \times 0.19) = \$190$	\$0	\$190

**Credit card D: interest rate of 12% with an annual fee**

Balance	Interest	Annual fee	Annual cost (not including balance)
\$1,000	$(\$1,000 \times 0.12) = \$120$	\$50	\$170





## You try it!

Which card is better for a \$350 balance: the credit card with an annual fee or the card with no annual fee?

### Credit card E: interest rate of 21% with no annual fee

Balance	Interest	Annual Fee	Annual Cost (Not Including Balance)
\$350	$(\$350 \times 0.21) = \$$ _____	\$0	\$ _____

### Credit card F: interest rate of 18% with an annual fee

Balance	Interest	Annual Fee	Annual Cost (Not Including Balance)
\$350	$(\$350 \times 0.18) = \$$ _____	\$25	\$ _____

#### Money Words

The **balance** is the amount of money you owe the credit card company.

Which card is better for a \$200 **balance**: the credit card with an annual fee or the card with no annual fee?

### Credit card G: interest rate of 22% with no annual fee

Balance	Interest	Annual Fee	Annual Cost (Not Including Balance)
\$200	$(\$350 \times 0.22) = \$$ _____	\$0	\$ _____

### Credit card H: interest rate of 12% with no annual fee

Balance	Interest	Annual Fee	Annual Cost (Not Including Balance)
\$200	$(\$350 \times 0.12) = \$$ _____	\$15	\$ _____

You can check your answers on page 33.

## Let's talk about it

Work with a partner or in a group to answer these questions:

- Is it good to have a credit card?
- If so, what is the best kind of credit card? Is it the same for everyone?
- If you have a credit card now, is it the best one for you?
- Is it easier or harder for some people to get credit cards? Why?

You have choices. When you're deciding which credit card is best for you, it helps to think about:

1. **Interest rates.** Interest rates are very different from card to card. Choosing a card with a lower interest rate can save you lots of money.
2. **Services charges and fees.** Some credit cards have an annual fee. Does the annual fee help you save money by giving you a lower interest rate?
3. **The cost of the rewards program.** Some credit cards offer rewards for using the card. Are the rewards worth more than your interest payments?

When choosing a credit card, this is what is most important to me:

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**! Money tip !**

If you can't pay off your credit card balance, see if you can transfer it to a personal loan or a line of credit with a lower interest rate. You'll pay less interest on the money you owe.





## Look for the information box

Make sure you know about the fees and interest rate before you sign a **contract** for a credit card.

One way to get these details is to read the **information box** on the credit card application. Check out the sample information box on the next page

“When you apply for a credit card, you agree to accept all of the terms and conditions, including interest rates and fees. Read the entire application carefully before submitting it.” *This information is from Financial Consumer Agency of Canada*

### Money words

A signed **contract** is a legal document that shows an agreement between you and another person or a business. You are responsible for what you sign, so make sure you understand the terms of the contract.

An **information box** is the boxed area on your credit card agreement. It's also on the statement or bill you get each month. It tells you important details about your credit card.

## Let's talk about it

Work with a partner or in a group to answer these questions:

- What could you do if you have trouble reading or understanding a contract?
- Has a “pushy” salesperson ever rushed you to sign a contract?

## Sample information box for a credit card agreement

<b>Initial credit limit</b>	<b>\$5,000</b>
<b>Annual interest rate or rates</b>	<p>These interest rates are in effect the day your account is activated.</p> <p>Promotional rate on purchases: <b>4.99%</b> for your first three monthly statements</p> <p>Purchases: <b>19.75%</b> following the promotional period                      Cash advances: <b>21.5%</b>                      Balance transfers: <b>21.5%</b></p> <p>Your interest rate will increase to <b>24.75</b> on your next statement if you:</p> <ul style="list-style-type: none"> <li>• Make a late payment</li> <li>• Go over your credit limit</li> <li>• Make a payment that is returned</li> <li>• Fail to meet any of the terms in the cardholder agreement</li> </ul>
<b>Interest-free grace period</b>	<p><b>21 days</b></p> <p>When you use the card to make purchases, you will benefit from an interest-free grace period of at least 21 days if you pay off your balance in full by the due date.</p> <p>There is no interest-free period on cash advances or balance transfers.</p>
<b>Determination of interest</b>	<p>If interest is charged, it is calculated on your daily average balance and charged monthly to your account on the last day of your billing cycle.</p>

This table is from *Credit Cards: Rights and Responsibilities by the Financial Consumer Agency of Canada*.



## Getting your money in order

Paying off your full credit card balance each month saves you money, since you're not paying interest fees. Paying off other debt, like a line of credit, works the same way. Paying back the money you borrowed also helps you build a good credit history and get a better **credit score**.

If you can't pay off your full credit card balance each month, you still need to make the minimum payment to keep your credit history strong. Lowering the amount you owe, even a little, saves you money since you're paying less interest.

### Money words

Your **credit score** or rating is a number between 300 and 900. It shows how likely you are to pay back a loan based on your credit history. A good credit score can help you get a lower interest rate when you need to borrow money.



## A first step to pay off debt

If you're trying to pay off your debt, it can be tough to know where to start. Here are two strategies you could try. Does it seem like one would work for you?

### Interest rate plan

Look at the interest rates on your different loans. Find the loan with the highest interest rate, and pay off that balance first.

Then start paying off the debt with the second-highest interest rate. Keep going until you pay off all your debt. This plan can help you save the most money over time.

### Snowball plan

Look at the size of your loans. Find the smallest loan, and pay off that balance first.

Then start paying off the second largest loan. Keep going until you pay off all of your debt. This plan can help you stay motivated as you watch the number of debts go down.



## Take a first step

Write down all the money you've borrowed, including how much you owe and the interest rate. What should you pay off first?

Who you owe money to	How much you owe	Interest rate	Other fees

## Protect your money

When we use credit and debit cards, we need to be careful to make sure no one steals from us by buying things with our cards.

These are some steps you can take to protect your money.

Do you use any of them?

- Check your monthly credit card statements to make sure that you made all the transactions
- Cover the keypad with your hand or body when you enter your **PIN** to make sure no one can see it
- Choose a PIN that's hard for someone else to guess
- Keep your PIN secret
- Never tell anyone your credit card information over the phone or through email
- Know how to contact your credit card company right away if your credit card is stolen or you see transactions that you did not make on your statement

### Money words

**PIN** is short for **Personal Identification Number**. This is the code you use at bank machines or when paying for something at a store.





## Let's talk about it

Work with a partner or in a group to answer these questions:

- Have you ever been a victim of credit card fraud?
- If so, what happened? How did someone steal your personal information or credit card?
- Is there anything you do differently now to protect your money?

## Why credit is important

Your credit history gives information about how you have used credit in the past. Having a good credit history can help you in a few different ways. There are four ways that your credit history might be used:

1. **Lenders**, like banks and credit card companies, may use it to decide if they'll give you a loan, credit card, or mortgage.
2. **Landlords** may use it to decide if they'll rent you an apartment.
3. **Insurance companies** may use it to decide if they'll sell you insurance for your car or home.
4. **Employers** may use it to decide if they'll hire you.

Do you think any of these groups will look at your credit history soon?

## Tips to build good credit history

### 1. Use credit

You can't build a credit history without using credit. Just make sure that when you use it, you follow these tips so that you build a good credit history.

### 2. Pay your bills on time

Late payments hurt your credit history. Keep track of your due dates and manage your money so you can pay your bills on time.

### 3. Pay your balance in full

This is a good way to keep your debt under control. If you can't pay your balance in full, pay as much as you can by the due date. Try to at least make the minimum payment.

### 4. Pay off your debt as fast as you can

Being in debt for a long time will cost you a lot in interest and can be hard to manage.

### 5. Watch out for your credit limit

Try to keep your balance well below your **credit limit**.

#### Money words

Credit cards and lines of credit have a maximum amount you can borrow. The total amount of money you can borrow from a lender is your **credit limit**.





## Let's talk about it

Sometimes debt can feel overwhelming. Talk with a partner or in a group about how to handle it.

- What can you do if you feel overwhelmed?
- What kinds of help are available?

Non-profit **credit counselling** services are organizations that help people manage their debt at no cost. Find out the contact information of non-profit credit counselling services in your community.

### Money words

The **creditor** is the person or business that lent you money, like the bank or the credit card company.

**Credit counselling** can help you when your debt is too big for you to manage. This help might include calling your creditors to reduce your interest rates and late fees.

### ! Money tip !

Call your **creditor** if you can't pay your bill. Explain your situation. Most of the time, they'll work with you to make a payment plan. This can make it easier for you to pay off your debt.

## How to learn more

Did you learn anything from this workbook that might change how you use your credit card? Do you feel like you can make better borrowing decisions? What else would you like to know?

“Managing debt” is an online tool from the Government of Canada to help you understand your debt and how to pay it off. Check it out at:

[www.canada.ca/en/financial-consumer-agency/services/debt.html](http://www.canada.ca/en/financial-consumer-agency/services/debt.html)

Credit Counselling Canada has a list of non-profit credit counselling agencies in communities across Canada:

<https://creditcounsellingcanada.ca/>



### **Money challenge**

Set up a family meeting to talk about ways to save money and reduce your debt. When your family meets a goal, like paying off a debt, celebrate in a fun and inexpensive way.

## Congratulations!

You've completed the *Money Matters for Indigenous Peoples* Borrowing Money workbook. You learned about:

- Different ways to borrow money.
- How to calculate interest.
- How credit cards work.
- Why it's important to manage your debt and build a good credit history.

### Money words

A **pledge** is a serious promise to yourself or to others.

For Indigenous peoples, learning is lifelong. For the last activity, we hope you will make a **pledge**. The pledge can be personal, or you can share it with others.

### My pledge

I pledge to use my new borrowing and credit knowledge by:

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Sometimes a pledge needs an action plan: a list of steps you'll take to make your pledge happen.

### My action plan

What do I need to do first?

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Who will support me?

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How will I overcome obstacles and setbacks?

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# Answers

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### Payday loan

Loan:	\$200.00
Interest:	x 25%
(.25 on calculator)	
<b>Total Interest:</b>	<b>\$ 50.00</b>
+ Service Fee:	\$ 10.00
<b>Total cost of loan:</b>	<b>\$ 60.00</b>

### Line of credit

Loan:	\$200.00
Interest:	x 05%
(.05 on calculator)	
<b>Total Interest:</b>	<b>\$ 10.00</b>
+ Service Fee:	\$ 0.00
<b>Total cost of loan:</b>	<b>\$ 10.00</b>

### Credit card

Loan:	\$200.00
Interest:	x 20%
(.20 on calculator)	
<b>Total Interest:</b>	<b>\$ 40.00</b>
+ Service Fee:	\$ 0.00
<b>Total cost of loan:</b>	<b>\$ 40.00</b>

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### Credit card E: interest rate of 21% with no annual fee

Balance	Interest	Annual Fee	Annual Cost (Not Including Balance)
\$350	$(\$350 \times 0.21) = \$ 73.50$	\$0	<u>\$ 73.50</u>

### Credit card F: interest rate of 18% with an annual fee

Balance	Interest	Annual Fee	Annual Cost (Not Including Balance)
\$350	$(\$350 \times 0.18) = \$ 63.00$	\$25	<u>\$ 88.00</u>

### Credit card G: interest rate of 22% with no annual fee

Balance	Interest	Annual Fee	Annual Cost (Not Including Balance)
\$200	$(\$350 \times 0.22) = \$ 44.00$	\$0	<u>\$ 44.00</u>

### Credit card H: interest rate of 12% with no annual fee

Balance	Interest	Annual Fee	Annual Cost (Not Including Balance)
\$200	$(\$350 \times 0.12) = \$ 24.00$	\$15	<u>\$ 39.00</u>

Which card is better? The card with no annual fee.



## Money words

<b>APR</b>	The rate of interest charged on a loan each year. Short for Annual Percentage Rate.
<b>Balance</b>	The money you owe on a loan or credit card. It's also the name for the money you have in a personal chequing or savings account.
<b>Cash advance</b>	A loan that you get from a cash store or payday lender. Sometimes called a payday loan.
<b>Contract</b>	A legal document or agreement between you and another person or a business.
<b>Credit</b>	Buying now and paying later. You can pay a fee when you use credit. The fee includes interest and often service charges.
<b>Credit card</b>	A card that lets you buy things now and pay later, usually for a fee.
<b>Credit counsellor</b>	A person who can help you manage your debt.
<b>Credit fraud</b>	When someone steals your credit card or personal information and uses the card without your permission.
<b>Credit history</b>	Information about who you've borrowed money from, and how long it takes you to pay back the money you've borrowed.
<b>Credit limit</b>	The total amount of money you can borrow from a lender. Credit cards and lines of credits have a maximum amount you can borrow.

## Money words

<b>Credit report</b>	A report about your credit history. It says who you've borrowed money from and whether you paid the money back on time.
<b>Credit score</b>	A score or rating that predicts how likely you are to pay back a loan based on your credit history.
<b>Creditor</b>	The person or business lending you money.
<b>Debt</b>	The money you've borrowed and need to repay. The amount of debt usually includes the amount you borrowed plus interest.
<b>Information box</b>	A boxed area on your contracts, bills, and statements that tells you important details, such as how much interest you pay.
<b>Interest</b>	A fee someone pays to borrow money. When you get a loan or use credit, you need to pay back the amount you borrowed plus interest. The amount of interest is usually shown as a percentage of the money borrowed.
<b>Loan</b>	Money you have borrowed and agree to pay back by a due date. There's usually a fee or interest.
<b>Minimum payment</b>	The minimum amount you have to pay on a credit card bill each month.
<b>Payment plan</b>	A schedule for paying back your debt. It can include information on when you'll make payments and the amount you'll pay.
<b>PIN</b>	A secret number you use with your credit card or debit card. Short for Personal Identification Number.
<b>Reciprocity</b>	When something is shared or felt by both sides. A reciprocal process means to do things in a way that balances giving and taking. Indigenous systems are based on reciprocity, give and take. When reciprocity is combined with respect and responsibility, it creates strong relationships.



for Indigenous Peoples

## Thank you!

Thank you for completing Workbook 3 of *Money Matters for Indigenous Peoples*, a program designed to help you make your money work for you.

You've taken an important step toward taking better care of yourself and those you care about by taking care of your money. This is called financial literacy.

We hope you've learned things that will help you in your life. We also hope you feel more comfortable going to a bank or another financial institution to ask questions, get advice, and choose the best money option for you.

### **We'd appreciate your feedback on this workbook!**

Please take the time to fill out the workshop evaluation form.

This will help us to improve the workbook and make changes you need.