Module 10

SPENDING ON MAJOR PURCHASES

Let's Discuss...

$ Paying for education or training
$ Buy or leasing a car
$ Housing
$ Cell phones and plans

At some time in their lives, many people will face a number of major expenses or purchases. Three of the most common ones are:

- Education and/or training
- Buying or leasing a car
- Housing

Another area of spending that is often a major one for youth is for a cell phone or hand-held device of some kind, like a tablet. Let's take a closer look at each of these major purchases.

How About You?

What major purchases do you think you might make in your life? Which do you hope to make? How much do you think you will need to afford to make those purchases?

Paying For Education or Training

A good education can affect your ability to get the kind of job you want and the level of income you can earn. To get a good job, some post-secondary education or training is almost a requirement these days. Dropping out before completing high school, or not getting any further education or training after high school, can make it very difficult to compete with others in the job market.

The cost of post-secondary education and training is one of the first major costs many people face in life. It is the first reason many people go into debt. And many young people are completing their education and training today with $15,000, $20,000, $25,000 or more in debt.

To prevent this, it's best to plan ahead – and to start saving early. The earlier you start saving, the more time your savings will have to grow.

How can you prepare for the cost of post-secondary education and training? Will you need to pay for your own education and training? Will parents, guardians, or other family members be able to help? Are you likely to need a loan to help out? Everyone's situation is different. In any case, to prepare for the cost, it's good to have a sense of what the cost will be.

Learn About

Do some research on the Internet to see how many jobs require post–secondary education or training today – and which jobs are available to those with high school graduation only.

The Costs of Post-Secondary Education and Training

Let's take a look at some of the more common costs.

TUITION

Tuition fees vary from school to school and program to program. They also vary across the country. You will need to do some research to see what the costs are for programs that are of interest to you.

APPLYING

It costs money to apply to post-secondary institutions. You only pay these fees once, when you apply. But costs can vary. Check with the guidance staff at your school to find out more.

Skoden! Stoodis!

Research the post secondary institute you want to attend and what program. Learn how you apply and how you get your First Nation/Métis Nation to pay. Most have special advisors to assist you in this.

Reflections

Treaty Rights are agreements between First Nations, Métis, or Inuit and the Crown, recognizing rights such as land and resources. These treaties, signed both before and after Confederation, remain in effect today.

Learn About

Learn about how you can apply to your First Nation for post-secondary money. The Métis also have funding for post secondary education.

TEXTBOOKS

These costs vary by program and usually run into the hundreds of dollars. If you know you are interested in a certain area of study, do some research. The cost of textbooks will likely go up over time. But, then again, more resources may be used by students online. For the sake of planning now, assume a textbook cost of around $800 – $1,200 for books and course materials (FCAC). Most textbooks are included in your money from your nation as part of your inherent treaty right, and Métis Nations as well.

SUPPLIES

The cost of school supplies can really add up. It depends a lot on your chosen program of study. Supplies can include such things as paper, pens, calculators, binders, a computer, computer supplies, printer, print cartridges, and cell phone. They can also include specific equipment necessary for a particular course of study – such as laboratory equipment or clothing. It can be hard to estimate these costs but make sure to include some amount for them in your budget and savings plan.

TRANSPORTATION

Even if you live at home, you will have travel costs getting to and from your university, college, or training program. Transportation costs will, of course, be higher if you live away from home. Include some money for travel in your savings plan.

Think About It

Average tuition fees for one year of college or university in Canada for 2023/2024 range from $3,600 – $7,076.

For an apprenticeship program, you may have to pay for the class time and also pay for tools and equipment. Today, the costs of each in-school session can range from $200 to $800.

FEES

You may also have to pay athletic fees, student union fees, health and insurance fees, and so on. These costs vary but can add up to $800 or more per year. Some fees may be optional. But if you don't pay, you may not be able to use some services. Or, you may lose some benefits, such as insurance.

LIVING COSTS

According to estimates, students who live away from home spend, on average, from $1,807 to $2,868 a month to live. This includes everything from rent to food to internet to toothpaste. Some of these costs will apply even if you live at home. An average for living costs when staying home would be in the $700 to $800 a month range. Some First Nations and Métis Nations sill cover your cost of living.

Money Wise

You can save money by buying second-hand books, borrowing books from friends or family, or buying books on-line. Even if your band or "sponsor" pays for your textbooks, they may only provide a small amount, so saving is up to you.

How About You?

Do you plan on going away for education and training? If so, how will the cost be affected by moving away and not living at home?

Think About It

In March 2024 the average debt for Canadian university graduates with a Bachelor's degree is $30,600 according to Statistics Canada and $16,700 for college graduates. What can you do to try and avoid having that level of debt after your post-secondary education and training?

Reflections

Aboriginal Rights apply to all First Nations, Métis, and Inuit in Canada and are affirmed in the Constitution.

Skoden! Stoodis!

Work out an estimate of what your total annual education costs could be.

Tuition:	$ ____________	Transportation:	$ ____________
Application fee:	$ ____________	Other fees and costs:	$ ____________
Textbooks:	$ ____________	Living costs:	$ ____________
Supplies:	$ ____________		

Grand total: $ ____________ x Number of years for your program = $ ____________

Paying for Post-Secondary Education and Training

Once you have an idea of the cost for post-secondary education and training, the next challenge is to find a way to pay those costs.

Indigenous students looking to secure funding from their band have to apply for funding for school from their home community. Most often, the demand for funding far exceeds the money that bands receive for post-secondary education. Serinda Baptiste, a band councillor at Little Pine First Nation, Sk., said the band can fund approximately 15-23 students each year — but has to turn away about 30 applications.

For those who do receive funding, the money often comes with **strict conditions**. Many students must reapply to their band every year, uphold a certain grade point average, have a career outline, not miss classes and take a minimum of four courses per semester. Students who have their funding pulled because they have missed or failed classes often have to wait a minimum of two years before they can reapply.

The following are six possible sources of money to help cover the costs of post-secondary education or training.

1. **You may be able to work to help pay the bills.** You may be able to work part-time during the school year or full-time over the summer break to help pay for education and training. As an example, if you make $14 an hour and work 36 hours a week, you could make about $8,000 over the summer with 16 weeks of work. Even if you use some of your pay for spending money during the summer, you could still contribute to your education costs.

2. **You could apply for scholarships, student loans, or grants.** You may be surprised at how many scholarships there are. Scholarshipscanada.com lists more than 21,000! And they are not just for students with high marks. Many are for students who work hard to make their school or community a better place to be. Some are for students who are going into a certain type of program and need financial help. Others are for students in certain sports or students who qualify for extra support.

How About You?

Do you think you will be able to help cover the costs of your education or training? If so, how much would you hope to contribute? Funding may not cover all costs The funding students receive only goes so far and only pays for so much. Some only have the cost of their tuition and books covered for the term.

Many students have to either work or apply for loans to cover living expenses.

Shannon Bear is in her fourth year at the University of Winnipeg, majoring in Indigenous studies, and plans to pursue an education degree.

"I was funded for one year of school from my band. I didn't bother to take a student loan and ended up working three jobs to pay for schooling."

The federal government's Canada Student Loans Program offers loans and grants to help students in financial need. The "grants" don't have to be paid back, but the loans will. The interest rate and pay-back terms on student loans from the government are better than on most other regular loans.

Money Wise

Student loans are still one of the cheapest ways to borrow money for education. Rather than take out a more costly loan themselves, some parents have their child take out a student loan. Then they help their child pay off some or all of the student loan. Find out more at: https://www.canada.ca/en/services/benefits/education/student-aid/grants-loans/repay.html

3. Your parents/guardians could help pay some of the costs from their savings or income at the time. Your parents/guardians may have planned ahead and saved some money to help with your education and training. They may also be able to help with money from what they earn as income while you are in school or in a training program. The following chart shows how much money could go towards your education if others were able to contribute a certain amount each month.

Contribution each month:	Total for each year:
$50	$600
$100	$1,200
$200	$2,400
$300	$3,600
$400	$4,800
$500	$6,000

4. Your parents/guardians could borrow money to help pay for your education or training. Some families focus on paying off mortgages or other debts when children are young. They may not have put aside savings for education. However, if they have paid off debts, they may be able to help by borrowing some money to help pay for post-secondary education. If so, they may, or may not, expect you to help pay back money that is borrowed.

5. You may get financial gifts from others. You may get money from a family member – such as a grandparent – as a gift to help support your education and training – and they may not expect you to repay.

6. You can get financial help from the government. We have already mentioned the student grants and loan program. But the federal government also has two education savings programs to help pay for post-secondary education and training – the Canada Education Savings Grant (CESG) and the Canada Learning Bond (CLB).

The Canada Education Savings Grant

Depending on the child's primary caregiver's net family income, he or she may also be eligible to receive the Additional Canada Education Savings Grant (A-CESG). This grant adds an additional 10% or 20% to the first $500 put into the RESP each year. Over the years, if your family started an RESP early for you, you can get as much as $7,200 towards your post-secondary education!

Reflections

Indigenous Rights are outlined in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and inherent to Indigenous people everywhere in the world.

Learn About

Learn more about the CESG at: www.canada/cesg.ca then click on CESG. You may want to share information on this site with your parents.

The Canada Learning Bond

Lower-income families may also get money from the federal government through the Canada Learning Bond. For anyone born after December 31, 2003, he/she may be able to get financial help up to $2,000.

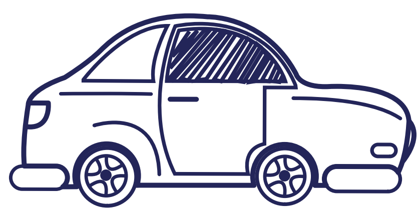
A Registered Education Savings Plan (RESP) is a type of education savings plan that:

- helps families save for children's future education. is available at most financial institutions.
- can be opened in your name by a parent or anyone else. You and others can then make deposits to your RESP.
- enables you to put up to a maximum of $50,000 into the plan.

You can learn more about RESPs online from the federal government website.

To plan for the cost of post-secondary education and training, you'll then have to put the two together – your estimate of the total cost – and your estimate of money you think you may be able to get from different sources. This will give you an idea of how much more money, if any, you may need to save or borrow.

That covers one of the "major purchases" people often have to face. Let's look at another one – a car.



Skoden! Stoodis!

The most important thing is to think about, and begin to estimate, the costs. Don't get caught by surprise. Many young people and their families leave it too late. They find they don't have time to plan and save enough – and have to borrow. The earlier you know what lies ahead, and the earlier you begin to plan and save, the less likely you may need to take on a large debt – or any debt at all.

Buying Or Leasing A Car

You may not need a car now. You may not need a car at any time in your life. But at some point, you may decide to get one. If you do, will you buy or lease a car? Let's take a look at both options.

Leasing A Car

Leasing a car involves making monthly payments for the use of a car for a certain period of time – e.g. 3 or 4 years. It involves signing a lease agreement – and these can vary quite a bit. A lease agreement usually includes things such as the following.

- The length of the lease (e.g. 36 months or 48 months, etc.)
- The estimated value of the car at the end of the lease. This will determine how much of the car's value you will be paying for.
- The down-payment – the amount you pay at the time you sign the lease. This will lower your total lease payment and your monthly payment.
- The interest or financing amount you will pay. The interest rates on leases can vary greatly and some companies will offer lower interest rates to encourage people to lease their cars.
- The number of kilometers you can drive without extra charges – e.g. 20,000 or 24,000 kms. a year. You can pick from different "mileage" allowances. The less you drive, the lower the cost. But, if you go over your allowance you will be charged a certain amount per kilometer. Your lease will tell you the cost for each km. over.
- The warranty that applies to the car. The total monthly cost you will pay.
- The total cost you will pay for the whole lease.

Think About It

Do you know people who have a car but don't really need a car? When might a car be a need rather than a want for a person? And what can make a person want a car when it isn't needed?

Advantages Of Leasing

Lower monthly payments: When you "buy" a car you are paying for the total value of the car. When you lease a car, you are only paying for "part of the car" – that part you "use up" over the period of the lease. From the moment a car is sold, it "depreciates" in value. Its value will decrease each year over time. In a lease, you will pay for how much it is estimated the car will depreciate in value while you have it. By paying only for that part of the car that you will use over three years, your monthly costs will be lower than if you bought the car.

Lower down-payment: Whether you buy or lease a car, you may have to make a down-payment – or you may want to make a down-payment. The larger the down-payment you make on a lease, the less you will have to pay back and the lower the monthly cost. You may be able to make a lower down-payment by leasing a car than by buying a car.

Learn About

Do you know people who lease a car? If so, you may want to see what you can learn from them as to why they chose to lease, rather than buy.

Lower repair costs: If you lease a car and return it after 3-4 years, you can often avoid expensive car repairs that can come up for older cars.

Use of a newer car: If you prefer to stay in a newer car, leasing means you will likely get a new car every three or four years. You can also choose a different kind of car when your lease is up if you like.

Tax advantages: For some people, for example those who need to use a car for business, they may be able to get a tax deduction based on how much the car is used for business.

Disadvantages Of Leasing

You don't own the car: At the end of the lease you turn the car back in. You don't own the car – you aren't acquiring an "asset." As a result, you won't get to a point where you own the car and no longer have to make monthly payments.

You have to return it as you got it: The car is not yours to do with as you like. You will need to return it as you got it.

You are sort of locked in: If things change for you, and you want out of the lease, it can be difficult – and maybe costly – to get out of the lease. There are some possible options – for example getting someone else to take over your lease – but it will be more difficult than if you bought a car and could sell it.

Higher insurance costs: Maybe. Maybe not. Check this out prior to making your decision to see if insurance rates will be different if you lease or buy.

The "extra" charges: As noted, if you drive more kilometers than those in your "allowance," you will pay for the extra kilometers. And if there is any damage beyond "normal wear and tear" you will probably have to pay for those repairs.

How About You?

If you find you are facing a decision of buying or leasing a car, you may want to look into leasing if:

- You don't have a lot of money to use to spend on a car or want to make lower monthly payments.
- You don't want to worry about expensive car repairs.
- You like staying in a newer car.
- You need to use a car for your business.
- You don't drive more than say 20,000–24,000 kms. a year.
- You have a reliable source of income.
- You don't care that much about owning the car and having the car as an asset.

If, on the other hand, you decide you want to buy a car, the following are some general tips to help.

Tips When Buying A Car

- Explore various possible sources for a car: dealers; private sale; cars that were repossessed and are being sold off; car rental companies and taxis and police vehicles (be aware, though, that used cars that served as taxis or police vehicles may have received pretty hard use.)
- Never buy a used car without having it inspected by a good mechanic.
- If you buy a used car, check for things such as: is there rust on the surface and under the car; how is the compression in the engine; has the car been painted or been in an accident; are the tires worn unevenly indicating a problem with the alignment; how is the smoke from the exhaust – is it white, which is normal, or is it black or blue indicating problems; are there any leaks under the car – let it sit in one spot for a while, then move it and check; do the gears shift smoothly?
- Set a limit on the amount that you are going to spend for a car and stick to it.
- If you buy a used car, make sure that there are no liens against it, that is, someone might have taken out a loan and used the car as collateral. If they did, and the lien still exists, then the car can be taken from you and sold to pay off the debt.
- Check the history of a used car if you can. Contact past owners if you can by tracing the history of the car through provincial records.
- Negotiate the price. Car dealers will bargain – and usually expect to. You may also be able to bargain if you have a car to "trade in" as part of the deal. The dealer may be able to bargain on the "trade-in allowance."
- Buy in the winter, if you can, when fewer cars are purchased. Demand is lower and you may be able to strike a better deal.
- Keep up regular maintenance on a car – it more than pays for itself in the long run by helping to avoid major repairs.
- Read all contracts carefully.
- Never sign an offer for a car until you are absolutely sure that you want to buy it.
- Don't be pressured into a sale. If you feel you are being pressured, back away and think about it.
- People are especially likely to be influenced by a friendly or aggressive salesperson. Most car dealers won't want you to leave if they feel they are close to a deal. But if you feel uncertain – walk away and take some time to think.
- Check any warranties that are offered to see who backs them – the manufacturer? the dealer? an insurance company?
- Don't buy a used car without seeing proof of ownership of the vehicle.
- Check the consumer reports publications and other books to research the record and reputation of the car you are considering.
- Get a receipt for any sale, and make sure that it states any equipment on the car that is to be included that might be removed by the current owner.
- Should you get a new or used car? Do you have a choice? Used cars are cheaper, depreciate less quickly than new ones, and usually cost less to insure. On the other hand, used cars often aren't backed up by a dealer who you can go back to
- if you have a problem, they usually cost more to operate, and you may not know how a used car has been handled or driven by previous owners.
- Make sure that you really need a car. What are the options (bicycle, public transportation, etc.)? Is it worth the expense? And, if you get one, enjoy it and drive safely!

How About You?

Are you vulnerable to sales pressure? How readily can you be pressured into a deal?

1 | 2 | 3 | 4 | 5

EASILY PRESSURED — HARD TO PRESSURE ME

Housing

Moving Out On Your Own

One decision many people face when they leave home is whether to move out on their own or move in with one or more roommates. Both can have their challenges. If you move out on your own, the cost will usually be higher than if you were able to share the cost with others. However, living with others – including friends – can be a challenge. It is usually a good idea to establish house rules at the outset to be prepared for any issues that might arise. For example, you may find that you have differences in terms of work/study habits, or neatness/cleanliness, or how things are organized, or eating or drinking habits and personal values when it comes to things like smoking drugs, etc., or how visiting friends behave, and so on.

It is best to think ahead and have a plan for dealing with differences or disputes. Now, what about the costs of moving out? Let's assume you will rent first. Not many young people can afford to buy right away.

In addition to cars, another major purchase that many people face is housing As with cars, some people may choose to rent rather than buy – and may rent all their lives. Let's look at some of the things you might want to think – or know – about when renting or buying your home.

How About You?

Do you have a car? If so, did you buy or lease the car? Why? If you don't have a car, do you think you will ever need to buy or lease a car? If so, what might affect your "buy or lease" decision? Does someone in your family have a car? If so, did they lease or buy – and why?

How About You?

Do you prefer living on your own? Or with one or more roommates? What are the benefits of each? What are the challenges? What has your experience been like if you have lived on your own or what can you learn from others who have?

Renter's Checklist

- Decide whether you will look for furnished or unfurnished accommodation. Do you have furniture? How about your roommate(s) if you choose to live with others?
- Are utilities (oil/gas/electricity/water/cable/Internet) included in the rent, or do you have to pay?
- How close will you be to school or work? Does the location add to, or save on, transportation costs? Will it be important to you to live in a certain area?
- If you are moving out to go to school, do you want to live on campus or off? If on, can you get into residence? If off, can you afford it? Does it cost more or less than school residences?

- What services are provided by the landlord? What are your responsibilities?
- If you have a car, is parking available? If so, do you have to pay extra for it? If not, is parking available nearby?
- What is the neighbourhood like? Safe? Attractive? One you will be happy living in?
- What are the neighbours like? Quiet? Noisy? Friendly? Does that matter to you?
- Check things such as the plumbing, wiring, and appliances. They can become very important to you once you move in. Besides, you also want to ensure that they are safe and reliable.
- Is there any storage space available if you need it? Does it cost extra?
- Check to see what access your landlord has to your place. Usually a landlord can only enter for an emergency or after giving you prior notice of 24 hours.
- Check the security of the property. Are you vulnerable to break-ins – or theft?
- How much notice do you have to give before leaving if you have to move for some reason?
- Be prepared to pay the first and last month's rent. This is a common practice. The landlord holds the last month's rent as protection. However, you should be paid interest on that money.
- You may also have to pay a security deposit when you move in to cover any possible damage at the time you move out. If there is no damage, and no repairs that the landlord has to pay for, you should get this deposit back when you move out.
- Consider getting insurance to cover any damage that might occur – for example a fire in the apartment you are renting. Renter's insurance is available if you think it is right for you.

These are just some of the things to keep in mind when you move out and rent your first place. That first move out on your own can bring many pressures, stresses, challenges, problems, and expenses. Plan it well.

Now let's take a closer look at what is involved in buying a home if that's what you may do some day.

Purchasing A Home

TYPES OF HOMES

One of the major decisions you will have to make when you look to “buying” a home is to decide what type you want to buy. The following are possibilities:

- **Detached house:** a house that stands on its own unattached to any other building.
- **Semi-Detached:** a house that is attached on one side to another house.
- **Townhouse (Row House):** a house that is attached to another house on both sides.
- **Duplex:** a house in which there are two separate living areas, for example, one upstairs and another downstairs (triplexes have three living areas, fourplexes have four) – may be detached, semi-detached, or attached on both sides.
- **Condominium:** an apartment that you buy rather than rent.
- **Mobile home:** many areas in Canada have mobile home parks where people live in mobile homes if they wish.
- **Co-op:** a property you purchase in conjunction with others; for example, you may own an apartment that is part of a co-op where the members of the co-op own and manage the building.

You will have to decide what type of housing you prefer – and what type you can afford. Unfortunately, the two don’t always go together.

You will likely have to make trade-offs as you look for a home you want to buy. You will have to consider location, size, condition (are renovations needed?), quality of appliances, and so on.

Probably the most important factor, though, will be what you can afford. Let’s look a little more closely at the financial aspects of buying a home.

How About You?

What type of housing do you prefer? Check out the average cost today for that type of housing in your area. What will be required to reach your housing goal?

Mortgages

Most homeowners have a mortgage – at least when they first buy a house. They may eventually pay off the mortgage and own the house outright – but most have a mortgage in the beginning.

A mortgage is simply a loan that you take out to use toward buying a home. For many Canadians it can be quite a big debt – hundreds of thousands of dollars.

It is not as difficult to borrow quite large sums of money toward a mortgage as you might think. Why? Because the lender is pretty certain of getting the funds back. Why is that? Because the funds are being used to buy an asset – a house, condo, etc. – that has value. If you don’t keep up the payments, the home you bought could be sold to get the funds to pay back the mortgage.

That is why financial institutions will want to send out an “appraiser” to check the value of the property you are planning to buy. The lender will want to make sure that you are not paying more for the house than it is worth. They want to make sure there is at least enough value in the property for them to be able to get their funds back if you, for some reason, can’t pay the mortgage.

The lender will not lend you the full amount to buy your home. There are legal limits set in terms of how much can be loaned to a home buyer. This is to try and stop people from buying homes they can’t afford.

Let’s assume a purchaser has managed to save $100,000 and needs a $400,000 mortgage to buy a $500,000 home. The first decision will be where to get the mortgage. It will be good to shop around and compare mortgage rates. There are websites to help home buyers shop for and compare rates. There is a good chance your bank will match the rates offered by others if you find a lower rate elsewhere. You will need to work with the lender to see if they are willing to lend you the money. The lender will do a credit check and look into your “credit worthiness.” Let’s suppose you are approved and you can get a $400,000 mortgage.

Learn About

The Government of Canada provides funding to First Nations for safe and affordable on-reserve housing. First Nations communities receive annual funding from Indigenous Services Canada (ISC) for on-reserve housing. Over one-third of First Nations people with Registered or Treaty Indian status living on reserve lived in a dwelling in need of major repairs (37.4%), almost three times the rate of their counterparts living off reserve (12.7%) On-reserve housing situations vary from community to community. While some communities do have an adequate supply of good-quality homes, that is not the norm. Generally speaking, those communities with their own source of revenue and high employment have good-quality housing. This article is about the issues prevalent in the communities that don't have the benefit of own-source revenue or high employment. https://www12.statcan.gc.ca/census-recensement/2021/as-sa/98-200-X/2021007/98-200-X2021007-eng.cfm

Second, you will have to decide on the "amortization period" – the number of years over which you will plan to pay back the mortgage loan – 25 years, 20 years,15 years? The shorter the amortization period, the lower your total interest cost.

Third, the next decision will be the "terms" of the mortgage. Because most mortgages are over many years, lenders will only set the "terms" for a certain period of time – 6 months, 1 year, 2 years, etc. up to about 7 years. You will have to consider the interest rates that are offered for different lengths of time.

Money Wise

Make the amortization period the shortest you can. It can save you tens of thousands of dollars in the end.

There will be a 6 month rate, 1 year rate, 2 year rate, and so on. To make your decision, you will have to think about whether you think interest rates may be headed higher or lower.

Every time your term expires, you will have to negotiate new terms. You will do this up to the time your mortgage is paid off. Each time that your term is up, try to get the best terms you can and try and work things out so that you pay as little interest as possible.

Skoden! Stoodis!

The Canada Mortgage and Housing Corporation (CMHC) is Canada's national housing corporation – operated by the federal government. The website of the CMHC has a lot of good information for home buyers. A key first step when you think about buying a house or condo is to work out what you can afford. CMHC has a "mortgage affordability calculator" to help you work out the size of mortgage you can afford. Visit their website if you are ever looking to buy a house or condo. You can use their online calculators to help with some of your decisions.

The degree to which you own your home (versus how much of it the lender holds) is referred to as your “equity.” If you pay $100,000 toward a $500,000 home, then you have $100,000 worth of equity. If the value of that home should rise, to say $560,000, then your equity increases. You still owe the balance of the mortgage, but your equity has increased by $60,000. The more quickly you pay off your mortgage, the more equity you have in your home. In addition, the more valuable your home becomes, the more your equity in your home will grow.

Finally, if you ever buy a home, be aware of the costs in running a household beyond the mortgage payments – for example, property taxes, utilities such as water and electricity, repairs, heating, home insurance, and general upkeep.

As we said, a home is the largest investment that many Canadians make in their entire lives. If one day you decide to purchase a home, do all you can to make sure that you know what you are getting into and that you make a wise decision.

A major purchase for many young people is a cell phone – and not just purchasing a phone but paying the costs for using the phone. That’s where the costs can really add up. Let’s take a closer look at cell phones and plans.

Money Wise

If you think interest rates may be coming down, go for a shorter term – 6 months, 1 year or 2 years. Then, when your term is up, and if rates have come down, you can work out a new term at a lower rate. On the other hand, if you think interest rates may be headed higher, you may want to “lock in” for a longer period – 4 years, 5 years, etc. The interest rate you pay won’t change over your “term.” So, if you can get a good rate, and think rates may go higher, go for a longer term.

Learn About

Did you know that adequate housing was recognized in the 1948 Universal Declaration of Human Rights? Did you know almost one in six Indigenous people lived in a home in need of major repairs in 2021, a rate almost three times higher than for the non-Indigenous population, and more than 17 percent of Indigenous peoples lived in crowded housing?

Money Wise

You may make your mortgage payments monthly, bi-weekly, bi-monthly, or weekly. Pay as frequently as you can. You can save a great deal of money by paying on a weekly or bi-weekly basis rather than monthly.

Smartphones and Plans

Today, many, if not most, young people have smartphones or something similar to use for texting, gaming, going online, etc.

Many young people may start out with someone else paying the bill. Or you may pay for yours right from the start – or take over payments at some point. In any case, decisions you make about smartphones, rate plans, data packages, etc. can have a big impact on cost. You'll want to make a careful decision.

A good suggestion when you are exploring all smartphone options is to use the six decision-making steps discussed earlier. It can help guide your decision. In making your decision, you will need to consider things such as:

- how much can you afford to spend – a key part of any decision?
- what features do you want, or do you really need?
- how many minutes a month will you use?
- what areas will you be in when you use it?
- what rate plan should you choose – if any?

Think About It

If you have a smartphone, are there features you are paying for that you seldom, if ever, use?

Money Wise

If you find you need more minutes of talk-time each month or that you are using more data than you thought you would, look into changing your plan. You may be able to save money.

How About You?

Do you have a smartphone? Do you pay for it yourself? Do you know what can affect the monthly cost? Do you feel confident you have the right plan for you?

There will be many different features offered to you. Think about the ones you really need – and will use. Don't waste money on features you may never – or seldom – use.

You may be offered a free phone – or a large discount on the price of a phone – if you sign up and sign a contract with a "provider" for a period of time – e.g. 3 years. This can help you get a phone at low or no cost – but you will be committing to using that provider for that period of time.

This may be okay for you. You may find that the provider has a plan that works for you. And you can usually change the kind of plan you have, if you wish, during the contract if things should change.

On the other hand, you may not need a contract with a provider. You may just want to pay month to month and keep things flexible. That is one decision you will have to make – to commit to a plan or not.

When making your phone decision, think about how you will use the phone – talk with friends and family; send text messages; download music; play games; go online and so on. In addition, think about whether you will be using the phone in different locations – in the place where you live – in the place where you go to school – when you travel? Will you usually have access to free Wi-Fi or will you be relying on cellular service a great deal? See where service is provided for your phone without extra costs. If you use the phone outside of those areas, you can be charged "roaming fees" – and these can really add up! Look into and compare available data packages to see which would be most economical for you.

Money Wise

Getting out of a phone contract before it ends can be expensive. You may have to pay hundreds of dollars to do so. So think carefully about the decision you make with a service provider.

Phone plans and providers are changing all the time. Keep in touch with the changes and the deals and terms offered. You may be able to reduce your costs – even after you sign the contract.

If you are looking to sign a contract for a phone plan, there are some things you should know or consider before you sign a contract:

1. What is included for the monthly fee you will pay?
2. What is your total monthly fee going to be – including taxes?
3. What is the charge if you use more minutes in a month than the plan covers?
4. What are the rates for long distance charges – and what are the areas where I can use the phone without paying long-distance charges?
5. What are the charges for text messaging and web browsing and downloading data?
6. Are there any special options such as free calling to a certain number of friends and family?
7. Are there ways to avoid or lower long-distance charges if you will be making long distance calls?
8. What would be the cost if, at some point, you wanted to get out of the contract?
9. Can you change the terms of your plan, at any time, without cost, during the contract?
10. What would be the best plan for you based on the amount you will use the phone – and how you will use it? Most providers will try and help you select the best plan for you – if you know how you will be using the phone.
11. See if a family member has a corporate phone plan that may allow you to join and reduce your costs.
12. Consider a family plan if more than one member of the family is getting a phone.

Phones can end up being very costly. Use them wisely. You don't want to find that a high cost each month is using up a lot of your monthly budget – or causing tension between you and a family member who may be paying your phone costs.

We have now looked at a number of major purchases that many people make – and on which they spend their money. But spending is only one thing we do with our money. You will also hope to be able to "save" and "invest" some of your money to try to earn a return and increase the purchasing power of the funds saved. Let's turn our attention now to the topics of borrowing money and using credit.

Money Wise

Be careful of roaming fees. If you are going to travel, you might choose not to use your phone and use internet communication when you can – or some other means of connecting. Or, if you need to use your phone while traveling, check out "roaming packages" that you can buy before you go. They can help save you money.

Module Summary

Say What? Possible New Terms!

1. **Registered Education Savings Plan (RESP):** a means to save for children's education. Money deposited to the plan is not tax-deductible.
2. **Canada Education Savings Grant:** Grant program of the federal government to provide money to help people save for post-secondary education and training.
3. **Canada Learning Bond:** a federal government program to provide assistance to lower income Canadians to help them save for post-secondary education and training.
4. **Depreciation:** the gradual decline in the value of an asset from when it is new (full value) to when it has no value.
5. **Appraisal:** the estimate made of the value of a property.

Did it Stick? Can You Recall?

1. What are the common costs involved in post-secondary education and training?
2. What are possible sources of money to help pay the costs of post-secondary education and training?
3. What are the advantages and disadvantages of leasing a car? When might a person want to lease, rather than buy, a car?
4. What are some key tips to consider when buying a car?
5. What are some of the key items in a "renter's checklist?"
6. What are the various decisions a homebuyer will face?

Thinkabout... or Discuss

- Is some level of post-secondary education or training basically a requirement today to get a good paying job?
- Should some amount of post-secondary education or training be free in Canada?
- Are young Canadians, in general, getting the information and guidance they need to plan well to cover the costs of post-secondary education and training?
- What are the biggest problems young people run into with cell phone plans – and how could those problems be avoided?
- What are the biggest challenges young people often face when they move out from home – and how can they best address these challenges?

Tips & Suggestions

- Learn about the costs of post-secondary education and training – and be prepared for them.
- Start saving as soon as possible to pay for education and training.
- If you need to borrow money for education or training, look into the grants and loans available from the federal government.
- Learn about all of the expenses involved with a car before getting one – including fuel costs, insurance, licenses, etc.
- If you move out and live with roommates, make sure everything is clear from the outset about how all costs will be covered.
- Be careful when buying cell phones and plans. The costs can really add up. Consider all your options carefully – and get advice, if you can, before making your final decision.

Tech Talk

You might want to do a search for, and check out information on, the websites of:

- Canada Mortgage and Housing Corporation
- Canadian Automobile Protection Agency
- Canadian Automobile Association
- CanLearn
- Human Resources and Skills Development Canada – Canada Student Loans

Reflections

Indigenous peoples in Canada face significant challenges when it comes to affording housing. Limited housing options, especially in on-reserve communities, coupled with economic barriers, make it difficult for many Indigenous families to access safe and affordable homes. However, a variety of programs are available to address these challenges. The Canada Mortgage and Housing Corporation (CMHC) and Indigenous Services Canada (ISC) provide a range of supports, including new construction funding, insured loans, and transitional housing projects. These programs aim to alleviate the financial strain on Indigenous communities by supporting both on- and off-reserve housing projects and promoting sustainable and energy-efficient housing solutions.

- **CMHC Programs:** New construction funding, insured loans, and shelters.
- **Rapid Housing Initiatives:** Addresses urgent housing needs with modular homes.
- **First Nations Market Housing Fund:** Provides loan access for new housing projects.
- **Indigenous Services Canada Programs:** Funding for housing development and planning.
- **Ontario Priorities Housing Initiative:** Financial support for Indigenous families to purchase homes.

Learn More: https://targetbox.ca/blog/Indigenous-peoples-and-communities-in-canada-face-significant-challenges-when-it-comes-to-affordable-housing-fortunately-the-government-of-canada-has-a-wide-range-of-funding-programs-to-provide-affo/