

**CURRICULUM RESOURCE**

Financial Management for the Newly Employed: Opening a Savings Account

**OALCF ALIGNMENT**

Competency	Task Group	Level
Competency A - Find and Use Information	A1. Read continuous text	2
Competency A - Find and Use Information	A2. Interpret documents	2
Competency B - Communicate Ideas and Information	B1. Interact with others	1
Competency B - Communicate Ideas and Information	B3. Complete and create documents	2

**Goal Paths (check all that apply)**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Employment   | <input type="checkbox"/> Postsecondary           |
| <input type="checkbox"/> Apprenticeship          | <input checked="" type="checkbox"/> Independence |
| <input type="checkbox"/> Secondary School Credit |  |

**Embedded Skills for Success (check all that apply)**

- |  |   |
|--|---|
| <input type="checkbox"/> Adaptability              | <input type="checkbox"/> Numeracy           |
| <input type="checkbox"/> Collaboration             | <input type="checkbox"/> Problem Solving    |
| <input checked="" type="checkbox"/> Communication  | <input checked="" type="checkbox"/> Reading |
| <input type="checkbox"/> Creativity and innovation | <input checked="" type="checkbox"/> Writing |
| <input type="checkbox"/> Digital                   |   |

**NOTES:** Part two of a five-part series on financial management for the newly employed.

## ACKNOWLEDGEMENTS

**Project Host:** Community Literacy of Ontario

**Research & Writing:** Mark Jacquemain



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 [communityliteracyofontario.ca](https://communityliteracyofontario.ca)

 (705) 733-2312

 [info@communityliteracyofontario.ca](mailto:info@communityliteracyofontario.ca)

 @CommunityLiteracyOntario

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## FINANCIAL MANAGEMENT FOR THE NEWLY EMPLOYED

### Note for practitioners:

This series of **Skills for Success Curriculum Resources** is a beginner's guide to financial management for LBS learners who have recently entered the workforce. The goal is to provide newly-employed learners with resources to aid with effective money-management, budgetary planning, and savings. This series will also provide support for learners performing some online financial tasks, such as online banking or navigating the Canada Revenue Agency website.

These resources are learner-based and activity-focused, with each topic area serving as a mini-lesson, followed by personalized activities. The activities are optional, but they will help embed the key points of the lessons, by inviting learners to respond to lesson material or to explore the suggested online platforms.

The series is divided into five sections that can be used separately or in tandem:

- Financial Management for the Newly Employed – **Budgeting**
- Financial Management for the Newly Employed – **Opening a Savings Account**
- Financial Management for the Newly Employed – **Using the CRA Website**
- Financial Management for the Newly Employed – **Credit Cards**
- Financial Management for the Newly Employed – **Dealing with Debt**

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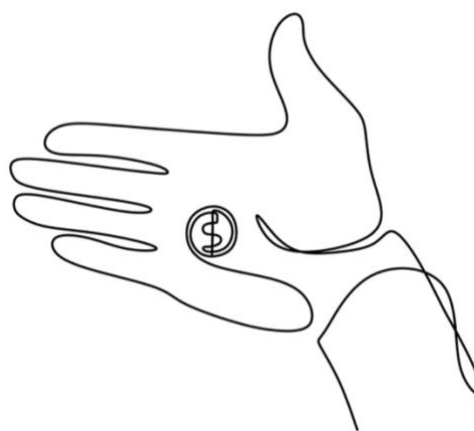
*This is Section Two, Financial Management for the Newly Employed:  
Opening a Savings Account*

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# Financial Management for the Newly Employed: Opening a Savings Account

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## Overview

Landing a new job is quite exciting. You should be proud of your accomplishment!

Now that you are earning money, there are some important things to think about. Here are some questions you might ask yourself:

- Do you know how much you are earning each week?
- Do you know what your weekly expenses are?
- Do you have a bank account where your money will be deposited?
- Do you have a savings account to save your money?
- Would you like to try to save some money from each paycheque? How much?
- Do you know how much you pay in taxes?
- How can you learn about your tax returns?
- Do you know how to find out your credit score?
- Do you know how to build up your credit score?
- Do you want a credit card?
- Do you have debt that you need to attend to?

This series, **Financial Management for the Newly Employed**, will answer these and other questions. It will help you make the most of your earnings.

Complete the lessons and activities in this series and begin to:

- take your finances seriously
- spend wisely
- understand your banking and taxes
- save for emergencies and the future

## What is a Savings Account?

A **savings account** is a great way to set aside money for the future. You can use it to save for emergencies or for life plans like education. You can use it to save for a big purchase like a car. You can also use it to help you pay down your debts.

### 1. Different Types of Bank Accounts

Most bank accounts are **chequing accounts**. Chequing accounts are used when:

- getting paid
- paying bills
- withdrawing funds
- sending money

Savings accounts work similarly to chequing accounts, but with more restrictions.

You can withdraw or deposit money into them, like a chequing account.

However, most savings accounts limit or charge for:

- withdrawals
- debit card purchases
- money transfers
- some other transactions

The charges can be costly. So you don't want to take money out often. Also, savings accounts don't allow cheque writing. Therefore, a chequing account is better for your day-to-day banking.

Savings accounts are a place to hold your money. There is a reward for leaving money in a savings account. The bank pays you interest on your savings. You may earn more interest by increasing your savings and leaving them longer.

## Opening A Savings Account

### 2. Why Open a Savings Account?

Soon we will learn more about savings accounts. First let's talk about your saving goals.



**Let's discuss!**

Talk about these questions with your teacher or partner:

- Would you like to start saving money?
  - What would you like to save for?
  - Do you spend all your money on essentials?
- Essentials include food, housing, and bills.

What is your saving situation? Check the box that applies to you:

- ☐ I don't want to save money.
- ☐ I don't have enough money to start saving.
- ☐ I need help learning how to save.
- ☐ I save a little but want to do better.



Are you in a different situation?

Discuss with your teacher or partner.

## Advantages of Opening a Savings Account

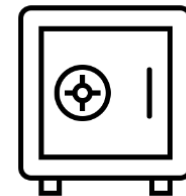
There are many advantages to opening a savings account:

### a) Your Money Stays Safe

Savings accounts are a very safe place to keep your money. Cash and cheques can be lost or stolen.

Savings accounts offer a place to keep your money that only you have access to. Your account will be protected by passwords that only you know.

The money you put into your savings account is also **insured**. That means that your money will not be lost, even if your bank goes out of business.



### b) Build Your Savings with Interest

When you deposit money into your savings account, you earn **interest**. This means that the bank pays you a small percentage to keep your money there.



Interest can increase your savings by small amounts.  
Every bit helps!



### c) Have Money for Emergencies

A savings account is useful as a safe place to keep your money. It can also earn you a little bit of interest. Another important use of a savings account is as an **emergency fund**.

- An emergency fund is savings set aside for unplanned expenses.

Why should you try to build an emergency fund? Even a minor financial shock can be challenging. You may have to go into debt.

What could an emergency fund help with?

- losing a source of income
- covering the cost of damages to your residence
- unexpected medical expenses
- fixing a damaged cell phone
- unplanned, necessary travel

### d) Lower Fees

Another great thing about savings accounts is the **low fees**. Chequing accounts and specialty accounts often come with higher fees. Most chequing accounts have fees ranging from \$5-\$30 a month.

Most savings accounts have no monthly fees. But they may allow only a limited number of withdrawals. If you go over the limit there will be a cost.



1. What are three advantages of opening a savings account?
2. Which of these is most important to you? Discuss why with your partner or teacher.
3. What are three things an emergency fund could help with?
4. Which of these is most important to you? Discuss with your partner or teacher.



## How To Choose a Savings Account

### 1. How to Choose a Savings Account

The next step is choosing a savings account that is right for you. Here are some tips to help you choose:

#### a) Interest Rates

The interest rate on your savings account **matters**. Higher interest rates are better. You can earn more from your savings account.

Look for interest rates above **3%**. Some savings accounts offer interest rates of **5%**.

- Look carefully: some interest rates are for only **limited time period!**



#### Activity!

Consider the example below.

What is Bank Net's interest rate in the short term? \_\_\_\_\_

What is Bank Net's interest rate over the long term? \_\_\_\_\_

#### Bank Net

Interest Rate	5% for the first year	1% after the first year
Monthly Fee	0	
Fee for e-transfers	\$2.00	
Fee for withdrawals	\$10.00	
Special features	Free ATM	

## b) Account Fees

Savings accounts usually don't charge monthly fees. But they may have other fees. These fees are often "hidden." They happen only when you do certain transactions. But they can be costly! Savings accounts may have fees for:

- withdrawals
- e-transfers
- ATM use
- using debit cards

➤ Check the account fees **before** you open an account!



### Activity!

Consider the example below.

What does Bank Express charge fees for?

### Bank Express

Interest Rate	4%	
Monthly Fee	\$25.00	
Fee for e-transfers	\$3.00	
Fee for withdrawals	\$5.00	
Fee for ATM	\$3.00	

c) Special Account Features

You should also look out for savings account **special features**.

Some savings accounts will allow you a few free withdrawals. Some will allow you some free ATM uses. Some will allow you to freely transfer money.



**Activity!**

Consider the example below.

List the special features offered by Bank Blue:

**Bank Blue**

Interest Rate	3%	
Monthly Fee	0	
Special feature	5 free withdrawals	
Special feature	3 free ATM uses	
Special features	Unlimited transfers to Bank Blue Accounts	



1. What are three things to consider when opening a savings account?
2. What savings account features are most important to you? Discuss with your partner or teacher.



## How To Manage Your Savings Account

### 1. How to Manage Your Savings Account

The next step is managing your savings account well. Here are some steps you can take:

#### a) Have a Plan

The most important way to successfully build your savings is to have a plan.



**Let's discuss!**

Talk about these questions with your teacher or partner:

- Have you calculated your monthly income?
- Have you calculated your monthly expenses?
- Have you made a budget for essential and non-essential items?
- Have you set goals for what you want to save?
- Do you have an amount in mind?
- Are you saving to bring down debt or for something else?

Answering these questions will help you succeed at saving.

➤ For more help see Part 1 of this series:

**Financial Management for the Newly Employed: Budgeting**

## b) Be Reasonable about the Amounts You Deposit

Remember that saving is hard. Start with small amounts of money. Start with what you can afford. Don't put too much into your savings account. You might have to withdraw most of it.

- Make sure you have your essentials covered. Then put a bit aside to save.

## c) Use Direct Deposit

Talk to your bank to have a certain amount deposited monthly into your **savings** account. This way, you ensure that your savings will continue to grow.

## d) Check In Regularly

It's best **not** to forget about your savings. Check on your balance every few weeks. Make sure everything is correct in your account.

## e) Remember Your Debts

Building your savings is key to your financial health. But your debts should be addressed first. Pay off your debts to reduce interest charges. Better to put the extra money into savings than interest charges.

- Savings can also help you avoid debts that might arise in the future.



**Reflect!**

It's time to reflect on what you have learned:

1. What are three steps to help you manage your savings account?
2. Which of these steps might be hardest for you? Discuss with your teacher or partner.



## Opening a Savings Account: Next Steps

For more information, check out the resources below. There is information on savings account tips, financial planning, and debt counseling.

- TD Bank offers some great tips for choosing and opening a savings account: <https://www.td.com/us/en/personal-banking/learning/open-a-savings-account>
- 211 Ontario offers financial assistance 24/7. Dial **211** to reach their hotline. They offer financial assistance in over 150 languages.
- The Canadian Government offers financial planning advice at their website: <https://www.canada.ca/en/financial-consumer-agency/services/make-budget.html>
- Credit Canada offers debt guidance and counselling: <https://www.creditcanada.com/>

