



Learning About Money Video Scripts

Learning About Money

Introduction

As a result of a community needs assessment, the **Learning About Money video** was developed in 1998 and updated in 2005. It addresses the needs of young people as they are starting out and managing their money. Four different families are depicted. It shows how they manage their **banking**, **spending**, and **use of credit**. There are three segments in this video, each about 8-12 minutes in length. The **order form** gives details about how to purchase in either VHS or DVD format. The **Learning About Money** modules on this website support the educational concepts found in this resource, and complement those shown in the video.

The **four family situations** demonstrate the ways that money may be handled day to day. Each situation demonstrates their way of making ends meet. The cast includes:

- Laura, a young single mom
- Jamie, a young man at school and working part-time,
- Helga and Dan, and
- Marina and Mario, who are two young families.

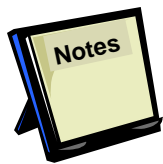
They share how they bank, plan their spending, and discuss credit issues. The video gives learners an overview of **financial terms**, and demonstrates **ways to manage money**. It also provides **discussion topics** that may be of interest. You see how each of these families is successful in achieving their financial goals, even though they use different methods.

Following are the **three scripts** for the video segments. These include:

Part 1: Banking Page 2

Part 2: Drawing Up a Spending Plan Page 6

Part 3: Credit Page 9



Look for **notes** along the side bar as background information for the facilitator. As well, **key words** are **bolded** in the script's text for reference. These identify language skills learners may need to know and understand as **financial terms**.

Sometimes references are made to activities, hand posters/overheads, or fact sheet information, that supports the concepts being discussed in the script. Follow the links in "**blue**" to find this information.

Basic Skills for Living worked in cooperation with a community program for teen mothers, a high school, and Habitat for Humanity homeowners. We appreciate the involvement of several financial institutions in the making of this video. As well, the assistance from Community Financial Counselling Services in Winnipeg, a United Way agency.

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Note: Use this side bar for notes or identifying topics that are of interest to your learners.

Note: Cheques are not used as often as in the past. However, they are useful for some payments and do provide a receipt.

*Preauthorized cheques, called **preauthorized payments**, only works if the learner always has enough money in his/her account to cover the bills being paid.*

A “cheque register” is now called a Transaction Record Book. This term is used in this resource.

Part 1: Banking

Time: Introduction and Part 1 = 12 minutes

You work hard for your money. Keeping it **safe**, but available is important. In Canada, that is the job of **banks** and **credit unions**. There are many **financial institutions** to choose from, where your money is secure and protected. But just which one is best depends on your **needs**.

Jamie needs to bank close to where he goes to school and works because he doesn't have a car. The hours the bank is open are important because some people work until 5 p.m. every weekday.

The teller points out the **automatic banking machine**, one of the services offered. She says it will be extremely useful to him when he can't get to the bank before closing time. After talking to her about some of the other services Jamie decides to open an account.

The banker fills out an **application form**. Jamie is asked for his social insurance number, if he is working, his next of kin, and what kind of an account he wants. He decides to open both a **savings** and **chequing account**. Some **identification** is necessary . . . a social insurance card, a birth certificate, passport, immigration papers or driver's licence.

The banker asks him to sign a **signature card**. This **signature** will be kept on record for comparison with the signatures on his **cheques**.

Jamie must **deposit** enough money to cover the cost of having **personalized cheques** made. They will have his name and address on them, and a **special code**. This **code** quickly identifies Jamie's account.

He will use these cheques to pay for monthly expenses, such as the telephone in his room. One **advantage** of using a cheque is it's a **receipt**. Most utility bills can be paid by cheque right at the bank. And if you don't want to write cheques every month for these expenses you can set up **preauthorized chequing** arrangements with some companies.

Colleen Wasylo explains. (Clip of Colleen Wasylo)

“What they will require is the transit number which identifies which bank or credit union you are using, as well as your account number. Often you can do that by writing VOID across your cheque and providing that with the application. And on a monthly basis it will take your payment directly out of the account. You will also always get a notice from the utility company telling you which day they are going to do that and the amount.”

When Jamie receives his cheques he will also get a **cheque register** where he can **keep track** of all the cheques he writes.

Continued . . .

Note: Many banks now use a “banking card” for all transactions. This includes teller services. Consequently, this has eliminated the use of deposit and withdrawal slips in many institutions. However, these forms are still used in some places. Discuss what happens in your area.

Note: Discuss the pros and cons of having two accounts. See the information in [Spending Plans](#) for more details.

Note: Discuss the importance of having a secure PIN number, and keeping receipts after using the ATM or debit card.

You may also want to talk about identity theft—a current topic of concern. You can get from your bank information about how to tell if an ATM has been tampered with.

After opening the account Jamie **makes a deposit**. He wants to put his cheque, and some other money he has received doing odd jobs, into his account.

Jamie gets a **deposit form** from the counter and fills it in. First he adds all the coins together. Then he sorts the bills and adds them. Every cheque must be signed or **endorsed** on the back and then **listed** on the deposit form. The cash and cheques are added to come up with the total deposit.

From this Jamie will subtract the cash he wishes to take with him. The teller can help with any missing details, such as the account number, and whether the deposit is going into savings or chequing. But his signature must be on the deposit form.

Jamie decided to put away 10% of his **paycheque** in a **savings account**. That will help with **yearly expenses** such as clothing and birthday presents. The teller makes the deposit, **stamps** or **initials** it, and gives him a receipt. He will keep this as a **record** of the deposit.

Later that week Jamie and his friends decide to head to the beach for the weekend. He uses a **withdrawal slip** from the counter to take money out of his account. The form must show the amount of money being withdrawn in both numbers and words, his account number, date and signature. The teller is willing to help with any missing details. Once Jamie gets the money he puts it in his wallet.

Laura doesn't have time to bank during regular banking hours. She uses the **automatic teller** or **automatic banking machine**. The **magnetically striped bank card** allows her to use the bank when it is closed. Laura uses it to open the door and use the machine.

She punches in her **personal identification number, or PIN**, to get money from the machine. This number should be **memorized** and **not shared with anyone**. If you are not alone, stand in front of the machine to prevent others from learning your PIN, and seeing how much money you are taking out. The computer will tell you what to do.

The card must come out of the machine before you can get your money. **Put the card, cash and paper receipt in your purse or wallet**. And remember to **record the transaction** in your cheque register.

Marina and Mario find the banking machine very **convenient**. Marina uses it to make deposits. First she figures out how much money she needs to put into the bank and in which account. She keys in the information . . . PIN number, account, and amount of money.

The machine only gives her so much time to place the money in a provided envelope and slide it into the slot. She finds it pays to do a little planning before using the machine. When she is finished she records the deposit in her cheque register. (*Now called a Transaction record book.*)

Continued . . .

Note: Discuss the service charges of ATMs for the learner's bank. As well, the cost of using other ATMs.

You may want to refer to the fact sheet in the Consumer Education series, called [Ways to Pay When You Shop](#) for further information.

Note: Talk about how to keep a Transaction Record Book—See [Banking Skills](#) for more details, or [Form SP30](#) in *Spending Plans*.

Note: Talk about other ways that people can bank—using telephone-banking, and internet banking to pay bills. Are either of these ways useful for learners?

Note: Talk about setting time aside regularly to check bank statements.

Remember it may not be possible to withdraw money that has just been deposited. Also these **services cost money** everytime you use them.

That is also true for the **debit card** which in many cases is just your banking card used at a **retail outlet**. Mario likes to use his **debit card**. It has the convenience of a credit card because you don't have to carry cash. But unlike a credit card, you can only spend what is in your account.

The clerk runs the card through a **card reader** then presents Mario with a **small keypad**. This mini computer tells him to key in his PIN and the amount of money he wants to spend. **The money is transferred instantly from his, to the store's account, with a small charge for each transaction.**

The cost is about the same as what Helga is paying to write this **cheque**. Because the cheque is a withdrawal from her account, she records it in the **debit column** of her register, and subtracts the amount to get a **new balance**.

Helga is careful to **keep track** of all money going out, or coming into her account, and updates her balance. So at a glance she knows how much money she has. She never wants to write a cheque for more than what is in the bank account. A cheque like this would **bounce** because there would **not be sufficient funds** to cover it. And writing **NSF cheques** can cause problems. If you do this often you could be fined, charged by the police, and the bank could close your account.

The way we bank is constantly changing. People can bank from the comfort of their home **using computers** or **phones**. Helga is arranging for a **transfer** from her savings into her chequing account.

Sherri Wagemakers explains. (Clip: Sherri Wagemakers)
“When you use Teleservice there will be a phone number that you call for the Teleservice. An operator will be on the phone and she will guide you through each and every step you have to do in order to find your transactions, make your transfer, or perform your bill payment. She will direct you to a number on your telephone to key in and that will then guide you to your next step in the transaction that you are doing. With bill payment . . . for your comfort to know that your bill was paid, the operator will give you a verification number. This number is like your receipt - a payment for your bill.”

After the transfer Helga records her new balance. Whatever method you use, remember it is important to **keep records of all transactions**. That way you will never **overextend** yourself.

Laura has just received her **monthly statement**. She has kept an up-to-date balance in her register. But it is not the balance that appears on the statement. That is to be expected as some deposits may have been made,

Continued . . .

Note: Show learners how to balance their Transaction Record Book with a statement. Banking Skills has details.

and cheques written, since the **statement date**. And there may be service charges, like when she used the bank machine.

In order to know her current balance she must do a **bank reconciliation**, and **balance** her cheque book register. Here is how she does it:

The **first step** is to add all **service charges** to the cheque book register. Subtract them from the balance to arrive at a new register balance.

The **second step** is to add all recent deposits to her statement balance.

The **third step** is to check off all the **cancelled cheques**, and withdrawal slips, enclosed with the statement, in her cheque book register. Some cheques, although written, have not been cashed.

Laura subtracts the total of these outstanding cheques to arrive at an up-to-date balance. It should equal the balance in her cheque book register. If there is a difference, she checks her addition and subtraction. Laura can get more help at the bank if she needs to.

Jamie is looking over his monthly statement. He is really pleased at how his **savings are growing**. In the **daily interest account** he is earning **interest** on his savings. And soon the interest will also be earning interest.

That means some day Jamie will be able to buy a television for his room. For now, Jamie is just pleased he opened the account. It has given him peace of mind . . . his money is safe and secure. Plus he is learning new skills when it comes to keeping records and reading statements. The bank statement and cheque register are just the tools he needs to take control of his finances.

The state of his bank account is proof of his money management ability . . . and important should he ever need a **loan** or get a job where he will handle money.

Note: Following the viewing of this part of the video you may want to do additional activities such as . . .

- *Read the fact sheet Banking Know How*
- *Withdraw money using an ATM*
- *Practice how to write a cheque*
- *Balance a Transaction Record Book, or*
- *Reconcile an account with a statement.*



Note: Use this side bar for notes or identifying topics that are of interest to your learners.

Note: Discuss the importance of taking time to PLAN! Planning is key for identifying goals and knowing where money goes.

Note: Tracking methods are detailed in the [Spending Plans—Hand Poster/Overhead Masters](#).

Part 2: Drawing Up a Spending Plan

Time: Part 2 = 8 minutes (start at 12 minutes into the tape)

Are **bills** getting you down? Sometimes it just seems like a flood . . . they all come at once. Are you constantly scrambling to find enough cash to pay for everything. Are you putting off paying some of your bills? And are you left wondering why you even bought some of this stuff in the first place?

If so, you are not alone. Many people struggle to make ends meet. And it isn't just people on low incomes who can have money problems. Those with high incomes can have them too.

But every once in a while you run across a person or family that seems to be able to do what they want to do, buy what they want to buy. For some reason they are seldom short of cash even though they don't make anymore than you do. How do they do it? How come they have the things you can only dream about? What is their secret?

The answer isn't just how much money we have, but how we spend it. People who manage successfully usually have a **spending plan**. They know what their **income** is. And they have spent some time thinking about their **needs** and **wants**.

In other words they know what they want their money to do for them. They have taken the time to think about what is important, and in the case of a family, have made **decisions together**. And that means they don't have to spend as much time **worrying about money**.

But how do you get to this point? The **first step** is to check how you are presently spending your money.

There are **four ways to track your spending**: the **receipt method**, the **envelope method**, the **cheque book register method**, and the **account book method**.

Laura uses the **receipt method** of tracking expenses. Receipts are an important **record** of where her money is going. Here is how she does it.

She uses a jar to store the receipts. If she doesn't get receipts for certain purchases she keeps track of them in a little book. **Every week** she sorts the receipts into **spending categories** such as food, transportation etc. At the end of **each month she totals the amounts** to find out how much she spent in each category.

Laura likes this method because it gives her a good picture of where her money is going. It doesn't matter if she pays with cash, cheque or debit card. She has a record. **The key is to keep the receipts**.

Continued . . .

Because he is a student, Jamie doesn't have a lot of money. And he doesn't like to keep detailed records. There is **little record keeping** with the **envelope method**.

After paying for his telephone with cheques he decides how much money he will need during the week for food, entertainment and bus fare. He puts a certain amount of money in each envelope.

When he needs money for food he takes it from the food envelope. He puts the change he is given in the same envelope. When the money runs out he can't spend money in that category until the next payday.

At the end of the month he **evaluates the plan**. As his situation changes he **adjusts** the amounts. Some need increasing, others decreasing. This method requires prompt payment of bills and is good for those who like to use cash. But it only works well for small amounts of money. For **safety reasons** it isn't a good idea to keep large amounts of money at home or on you.

Another method of tracking expenses is the **cheque book method**. Every time Helga and Dan put money in, or take money out of their account, they **update the balance**.

When using this method it is important to **record every transaction**, whether it be with cash, or bank machine, debit card, or preauthorized payment. If the account is held **jointly** it is important to sit down often to **plan and talk**.

If you really like to work with numbers, and want a **more detailed record** of your spending, say for tax purposes, the **account book method** is for you.

Marina usually records all her **family's expenditures** in the different **categories**. At the end of the month she totals the amounts. This gives an **accurate** account of what has been spent over a period of time. This method is very good for families who may have **irregular income**, or who are **self employed**.

We have looked at four different methods of tracking expenses; the receipt method, the envelope method, the cheque book method, and the account book method.

Once you have a handle on where your money is going, you will find it much easier to make decisions regarding your spending. Have you been **buying on impulse**, or do you make your spending decisions based on **your values**, and well thought out **goals**?

Now that you have a clearer picture of past spending, it is time to plan for the future. **You are ready to draw up a spending plan.**

Continued . . .

Note: As mentioned before, this method is now called a Transaction Record Book.

*Note: Talk about the different spending categories, make a list of those that are regular. Then discuss irregular expenses and how to set money aside for these—see **Form SP10**.*

*See the worksheets— **A Budget Planner**, an easy to use basic format. As well, **A Spending Planner** and **A Spending Record** have more in depth information that includes a discussion about setting goals, needs and wants, and how to avoid impulse purchases.*

Note: There are three worksheets in this resource that may be used for completing these steps. For further details, see [A Budget Planner](#), [A Spending Planner](#) and [A Spending Record](#).

There are **six basic steps**:

The **first . . . decide what is important to you**. If you are in a family situation this will require you to talk with your partner or family about spending. Children should be involved. It is one of the best ways for them to learn about money management.

The **second step is to identify your resources**. Remember money is one resource, you have many others. Some can be used instead of money to achieve your goals. Maybe your hobby could earn you extra money.

The **third step is to take a look at your spending records**. Ask yourself . . . Do I really need this? . . . and . . . Is there any other way I can achieve this goal?

Some expenses are what we call **fixed or regular**. You can't cut these out of your budget. Hydro, food, and housing are examples. These are **necessities** and must be paid every month.

Other expenses are what we call **flexible or irregular**. Entertainment and clothing fall into this category. We can change the amount we spend on these items.

After you decide what changes you would like to make, the **fourth step is to draw up a spending plan**.

Put on paper how much you plan to spend in each category. Use a predetermined period of time . . . say two weeks or one month.

When the time is over, the **fifth step is to analyze your spending plan**. Did it work or are adjustments necessary? Maybe your situation has changed.

In the **sixth step you make adjustments**. **A good spending plan is flexible - it allows for changing needs and wants**. But at the same time, the spending plan keeps you on track as you work towards your goals. It is tailor made for you.

So no matter who you are, a spending plan will help you develop future financial security.

Note: You may want to follow up this part with other activities and have learners develop their own spending plans. Be sure to allow time to review, adjust, and balance spending over a month so the entire process is practiced and understood.



Note: Use this side bar for notes or identifying topics that are of interest to your learners.

Note: Prior to showing this segment discuss with learners the pros and cons of credit. What do they know about impulse buying? Are they familiar with alternative forms of credit? See the discussion section in the module, [Understanding Credit](#).

Note: Talk about interest rates and how credit is calculated. Include fees etc. See the [Consumer education fact sheets](#), or the module [Understanding Credit](#) for additional information.

Part 3: Credit

Time: Part 3 = 7 minutes plus conclusion
(start at 20 minutes into the tape)

Credit is a fact of life these days. Even if you don't use a **credit card**, you still use credit. When you use the phone, or pay utility bills, you are using credit. The company is providing telephone service, heat, or light on the condition that you will pay next month. Having the services now and paying later is a convenience, and can work to your advantage financially.

But be cautious . . . **use credit wisely**. Your credit card can be addictive and dangerous to your financial health. Whenever you use credit you are committing future income, money you haven't earned yet . . . so use with care.

Many people have difficulties with credit. Laura has a friend who's spending got out of control.

Clip: Laura

"My friend has a credit card in an electronic store and he just buys everything. Everyday he buys something. He has a card that says it gives him the power to get anything he wants even though he doesn't have the money. But the card says it does."

To avoid problems ask yourself . . . Do I really need this item now? The answer could be yes if your lawn is growing, and you don't have a lawnmower. Using credit is one way to have the mower now, when it is needed.

The other important question to ask yourself before signing on the dotted line is . . . how much more will the item cost if you use credit?

These ads would have us believe there is little or no cost to credit. Statements like - "*0 down, interest free, don't pay for one full year, and no payments,*" make it all sound so easy.

But credit always has a price. There may be **additional costs**. Read the small print in the **agreement** or **contract** to find out. Helga says credit isn't so easy when the bills come.

Clip: Helga

"With credit you can buy any creature comfort there is, but if you can not pay for it at the end of each month, you are not going to have that comfort for very long."

Make sure you know the **interest rate charged** and the **total dollar cost** over the length of the contract. If you are making **installment payments** every month it is easy to figure out the cost of credit.

Continued . . .

*Note: See the fact sheet, **Your Credit Record** for additional information.*

Discuss what happens with a poor credit record, and how people may then start to use alternative credit sources and the problems they can run into. Several are described here.

Talk about the services of non-profit community credit counselling agencies in your community for people that have financial problems.

Simply multiply the cost per month by the number of months you have to pay. Then subtract the price of the item to arrive at the cost of credit.

The cost of credit varies depending on where you go. Shop around, just as you would for any other purchase. Banks and credit unions offer the best rates. When you apply for a loan they will ask for security in the form of **collateral**. That means you, or someone else, will have to offer something of value to secure the loan. If you aren't able to repay the debt the bank can sell the item.

But collateral is just one of the **C's** when it comes to getting credit.

Creditors will also check with a **credit bureau** to find out about your **credit record**. And because your character and capacity to repay the debt are important, you will need to fill out an **application** form asking about your work, salary, assets, and debts.

If you choose to use a **credit card** like Visa or Mastercard, the rate may be higher than a personal loan from the bank. And a **department store card** may be an even more expensive form of credit.

Whatever type of credit you choose, make sure the **monthly payments are manageable**. Failure to keep up can affect your credit record. That makes it harder for you to get credit in the future and may affect your ability to work in jobs where you must handle money.

And remember when using credit it is important to **pay off the balance in full** as quickly as possible. Plan ahead. Mark on the calendar when **payments are due** so you won't forget. If you can't make a payment go to the creditor and explain the situation. It might be possible to make some alternative arrangements.

Yvonne Neu explains . . . **Clip: Yvonne Neu**

"The best thing is to just write the creditors a letter . . . it could be a very generic letter, they do not have to go into much detail, but basically explaining that their hours have been cut, that their income is going to be this much. And look at the picture again, and see if you were making a \$200 a month payment and now your hours have been cut and you can only make \$75 - \$100. You go to the creditor and you tell them - this is my situation - I am hoping that my hours will increase in the next three months, but will you accept this for the time being."

Yvonne Neu says while there are many sources of credit, some are better than others. Often people with poor or no credit records are forced to use very costly credit. She remembers the sad story of someone involved in a **rent - to - own contract**.

Continued . . .

Note: More recently short-term loans have become popular. These “payday” type loans, title loans etc. are alternative types of credit. They can have very high administrative fees and are very expensive. Check with your Consumer Affairs Department to see if there are any new laws affecting this type of credit.

Clip: Yvonne Neu

“She had a few rent-to-own appliances and furniture pieces and in the course of these years she had missed a few payments or run late, but over all she always made her payment. She failed to make the last payment and lost all the rent-to-own pieces. Of course she also lost all that money that she paid for the last two to five years as well.”

The **pawn shop**, for many, is the creditor of last resort. The rates range from 25 to 30 % of the amount loaned. You are given 30 days to return with the money, or the item can be sold. If you need more time, an extension is possible, but a service charge applies.

Mario is cautious when it comes to credit. . . . **Clip: Mario**

“With credit cards you have to be careful with how much you are going to spend, because at the end of the month you are going to get a bill and if you do not have the cash to pay it, that amount of money is going to pile up and that is when people run into trouble.”

To summarize, always use credit wisely. Make sure you discuss fully the **contract** you are signing. Know exactly what the use of credit will cost you in the long run. And think about whether the cost is justified. Do you really need the item now, or could you save and buy it later?

When it comes to buying a home, funding further education and other **large expenses** there is often no choice. Credit is key. If used properly it is a valuable tool in helping us reach our goals.

Note: *Select activities in this segment that are appropriate to learners. Not everyone is using credit. If some learners are experiencing financial difficulties be sure to talk about reliable, non-profit credit counselling services available in your community.*

Check the website www.creditcounsellingcanada.ca for further information.



Internet: www.basicskillsforliving.ca

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