

# Trades Math 11 Lesson: Financial Literacy

- Personal investments, loans (lease vs. buy), credit cards, mortgages, graphical representation of financial growth
  - Budgeting
  - To purchase, own, or lease and to operate and maintain a vehicle
  - Banking services
  - Other significant purchases
1. Calculate the simple interest of \$20,000 for 3 years at 5% annual interest.
  
  2. Now calculator the real interest of \$20,000 for 3 years at 5% annual interest.
  
  
  
  
  
  
  
  
  
  
  3. Investing
    - a. What is an index fund?
  
  
  
  
  
  
  
  
  
  
    - b. What are MER fees?
  
  
  
  
  
  
  
  
  
  
    - c. What is dollar cost averaging?
  
  
  
  
  
  
  
  
  
  
    - d. If you invest \$1000 and it grows annually at 10%, how many years for it to double?
  
  
  
  
  
  
  
  
  
  
    - e. In reality your money grows faster because you continue to make regular additions to your investments. Use the “Get smarter about money compound interest calculator” to find out how much money you will have if you invest \$1000 (at 10% annual interest rate growth) and add \$100 every paycheck (bi-monthly).
      - i. After 7 years
  
  
  
  
  
  
  
  
  
  
      - ii. After 50 years

#### 4. Leasing vs. Buying

- a. When does it make sense to buy a car instead of leasing?
  
  
  
  
  
  
  
  
  
  
- b. When does it make sense to lease a car instead of buying?

#### 5. Cars

- a. True or False: You must be 16 years old to get your license in BC
  
  
  
  
  
  
  
  
  
  
- b. True or False: Learner's Stage (L): You must hold your learner's license for at least 12 months before you can take the Class 7 road test to get your novice license (N).
  
  
  
  
  
  
  
  
  
  
- c. True or False: Novice Stage (N): Typically, you need to hold your novice license for 24 months before you can take the Class 5 road test for a full license.
  
  
  
  
  
  
  
  
  
  
- d. True or False: If you complete an ICBC-approved GLP driver training course while in the Learner's stage and maintain a safe driving record, you can reduce the time you spend in the Novice stage by 6 months. This means you can potentially get your full license after 18 months instead of 24 months.
  
  
  
  
  
  
  
  
  
  
- e. While driving with an "N" which of the following are true?
  - i. You are not allowed to have any alcohol in your system
  
  
  
  
  
  
  
  
  
  
  - ii. In general, for the first 12 months after getting your N, you cannot have more than one passenger aged 16 to 24 (unless there's a qualified supervising driver with you who has a full Class 5 or commercial license and has at least 5 years of driving experience)
  
  
  
  
  
  
  
  
  
  
  - iii. Using electronic devices like cellphones, even hands-free, is prohibited while driving. This includes texting, calling, or using GPS unless the vehicle is stationary.
  
  
  
  
  
  
  
  
  
  
  - iv. If you're under 19, you are not allowed to drive between midnight and 5 a.m. by yourself unless you're accompanied by a fully licensed driver who's had their license for at least 5 years, or you're driving directly to or from work or a school-related activity.
  
  
  
  
  
  
  
  
  
  
- f. Why can it be a good idea to buy a used car instead of a new one?
  
  
  
  
  
  
  
  
  
  
- g. How can you maintain your vehicle, so it lasts longer?

## 6. Credit Cards

- a. At what age can you have a credit card?
  
- b. Are credit cards worth using? Which ones are the best?
  
- c. Do you pay credit card interest if you pay off the balance in full at the end of the month?
  
- d. Despite the cash back and points perks of credit cards why do some financial advisors discourage the use of credit cards?

## 7. Banking

- a. What is an e-transfer?
  
- b. What are the types of homes you can buy?
  
- c. What should you look for when getting a mortgage?
  
- d. Explain what the following financial products are about:
  - i. FHSA
  
  - ii. TFSA
  
  - iii. RRSP
  
  - iv. RESP
  
  - v. Why should the word "Savings" be replaced with the word "Investment"?

8. Tuition:
  - a. What is the total cost of the electrician program after four years at BCIT?
  - b. What is the total cost of the electrical engineering program after 4 years at UBC?
  - c. What is the total cost of the electrical engineering program after 4 years at MIT as an international student in Canadian dollars?
9. As a young married couple decide on what is a reasonable budget for:
  - a. Your engagement ring
  - b. Your wedding
  - c. Your honeymoon vacation
  - d. Where else might you spend your money instead of these things?
10. Budgeting - Estimate the monthly cost of:
  - a. Housing
  - b. Utilities (gas, water, electricity)
  - c. Cell phone
  - d. Internet & TV
  - e. Food
  - f. Transportation
  - g. Clothes
  - h. Gifts and donations
  - i. Insurance
11. Can you pay these bills working full times making \$17.40 per hour?
12. What are some ways you can save money?
13. What are some ways you can increase your income?