

Module 6 – Case Study Overview

ACCOUNT TYPES



BUILDING SOUND FINANCIAL MANAGEMENT SKILLS

Saving Strategies for Mary Smith Non-Registered vs. TFSA vs. RRSP vs. FHSA

For illustration purposes only.

Scenario 1:

Mary is a 25-year-old University graduate who recently secured full time employment at a broadcasting company. She is now receiving regular income and is unsure of how to best manage her money.

Mary has everyday living expenses such as food, entertainment and rent, and has been carrying a monthly credit card balance. She has been paying for these expenses by taking money out of more than one account and feels there may be a better way to manage her money and expenses more efficiently.

Mary has also been looking into buying a car to help with her commute to work and is hoping to start saving money to buy a house in five years. She recognizes these are two large savings goals and needs some help determining the best money management approach.

In what types of accounts should Mary be saving? From which account(s) should Mary be paying her everyday bills?

Scenario 2:

Mary is now 50 years old and married. She and her spouse purchased their family home 20 years ago. They do not have children and they manage their money separately.

Mary and her spouse split the mortgage payments equally and are a few years away from paying off the mortgage in full. Once their home is paid off, Mary plans to invest the

annual amount she has been allocating towards her mortgage payments, but she is unsure which account types to use.

Mary is also thinking about her retirement and wants to ensure she has sufficient savings to maintain a comfortable lifestyle once she stops working. She has always maxed out her RRSP with regular contributions and plans to continue doing so.

Mary's spouse runs an art business, and together they are looking to turn their basement into a studio for work. Mary plans to contribute to the cost of the basement renovation, but she wants to find the most tax efficient way to help fund it. In addition to her RRSP, Mary also has a TFSA with unused contribution room and a non-registered savings account.

From which account (s) should Mary use to help pay for the basement renovation? In what type(s) of accounts should Mary leverage to start investing her surplus cash?



FINANCIAL LITERACY PROGRAM