

Handout 1.2: Financial Profiles

Scenario 1 - Jean Beaulieu (journalist)

Age: 24

Gross Annual Income: \$42,000

Monthly after-tax income: \$2,672

Status: Single Person

Description: You live with your parents, but would like to move away from home with your partner as soon as you can afford it. You work full-time as a journalist and have a decent salary, but you currently owe \$40,000 in student debt; your loan repayments are \$500 per month, plus the interest of \$200. It will take you approximately seven years to pay off your loan if continue with the current payments.

Monthly Fixed Costs: Student Debt & Interest - \$700, Car expenses (car insurance, parking and gas) - \$400

Challenge: You will need to buy appliances and cover the moving expenses, the truck rental is \$300 and appliances are \$1,500. How can you structure your budget to move away from home while continuing to pay off your student debt? What will your budget look like when you are living on your own? In how many months do you think you would be able to move out? What financial sacrifices might you have to make to make that possible?

Scenario 2 - Julie Asselin (insurance broker)

Age: 26

Gross Annual Income: \$45,000

Monthly after-tax income: \$2,800

Status: Living with a Significant Other

Description: You and your partner live together and plan on getting married in the near future. You are employed with a good income, but your partner is currently enrolled at a local private college. You would like to buy a car, but your income must support both your partner and you for the next two years.

Monthly Fixed Costs: Rent and utilities - \$1,200, Cell phone contracts (for two) - \$100, Public transportation passes (for two) - \$160, College tuition - \$400

Challenge: How much can you afford to save? How will you budget for the eventual purchase of a vehicle (and its associated costs) and/or your wedding? What does your ideal wedding cost? What will your monthly costs be when you have a car? On this budget, and considering a budget for eating out and entertainment, when will you be able to afford a wedding and a car?

Scenario 3 - Gabrielle Jean (cashier)

Age: 19

Gross Annual Income: \$25,000

Family aid: Québec Child benefit \$273.50/month - Canadian Child Assistance \$450/month

Monthly after-tax income: \$1,810

Status: Single mother

Description: You are a high-school graduate living with your parents and working in your family's convenience store. You are a single parent family and you make a low income now, but you have access to financial aid from the government and you could eventually take over the family business. You want to enroll at a nearby CEGEP to expand your skills and study administration.

Monthly Fixed Costs: Monthly pass (bus)- \$100, Cell phone contract - \$50, Daycare \$200, food for two \$300, possible education fees \$100

Potential education costs and books: \$400/session (of 4 months)

Challenge: Can you afford for you to go to school? Would an accredited education have the right long-term benefits for you, or do you think you should remain at the convenience store and receive a practical experience? Do you need a college education or is learning from your family enough for your profession?

Scenario 4 - Martin Kazungu (farmer)

Age: 22

Gross Annual Income: \$35,000

Monthly after-tax income: \$2,360

Status: In a relationship

Description: You just graduated from CEGEP and have your first job out of school. You and your girlfriend would like to move together, but continue to live at home. Unfortunately, a local factory just closed and your father has lost his job. You must help out with the family expenses, but you also want to start saving to move in an apartment.

Monthly Fixed Costs: Family expenses (part of the rent, grocery and others) - \$300, Cell phone contract - \$50, saving to move out - \$250.

Challenge: Can you afford to save enough to move out and continue to help your family at the same time? You would need to save about \$1,500 to furnish your apartment. How long will it take you to save enough money? What other financial sacrifices could you make to ensure you can get the things you want?

Scenario 5 - André Beauchemin (miner) and Frédéric Desmarais (internship, biologist)

Age: 27

Gross Annual Household Income: \$120,000 (André: \$80,000, Frédéric: \$40,000)

Monthly Household after-tax income:

André: \$4,549

Frédéric: \$2,584

Status: Married

Description: You moved out of the province for a resource extraction job. You have a high income and your partner works part-time because he is going to university part-time. Your costs of living are high and your employment may not be sustainable. You are expecting a child and you would like to buy a home for your growing family. Your entertainment and travel expenses are currently \$2,500 per month.

Monthly Fixed Costs: Rent - \$1,600, Car (gas, insurance and payments for two cars) - \$800, CellPhone contracts - \$100 (for two), travel and entertainment - \$2,000

Challenge: A suggested minimum down payment amount is 25 per cent. Will you be able to save enough to buy a home in the next few years? How will you balance the freedom to spend what you want vs. saving for a home? In how long will you be able to purchase a house?

Scenario 6 - Laurie-Anne Than (physiotherapist)

Age: 27

Gross Annual Income: \$70,000

Monthly after-tax income: \$4,026

Status: Single Person

Description: You are a recent university graduate with a high income for your age. You rent an apartment and still have significant money left for savings, investments and entertainment each month. You are interested in buying a condo near your job in the city, but you don't want to sacrifice the luxuries you can currently afford. Right now your entertainment expenses are \$1,200 per month.

Monthly Fixed Costs: Rent and utilities - \$1,200, Transportation (transit, cabs) - \$200, Cable/phone/internet - \$200.

Challenge: You will need to save for a down payment of 25 per cent. Can you maintain your current lifestyle and purchase a condo? How much do condos cost? How centrally do you want to live? Would you consider a condo further from work with a longer commute?

Scenario 7 - Nathan Larivière (recent graduate)

Age: 21

Gross Annual Income: \$12,000

Monthly after-tax income: \$1000

Status: Single person

Description: You are a recent university graduate with \$24,000 in student loans. You are unable to find a job in your desired field, so you have decided to take an internship (with a small honorarium of \$1,000 per month) which could lead to future employment. Without a job, moving away from home is not an option unless you take on more debt through another loan or a line of credit. Right now your monthly minimum payment on your loan is \$300 and it will take 10 years to pay off at this rate.

Monthly Fixed Costs: Cell phone - \$50, Transit - \$75, Minimum payment on your student loan - \$300.

Challenge: Should you take the first available job to start paying your debt, or keep your internship for possible future benefits? What other spending priorities do you have? Are unpaid internships fair for new graduates?

Scenario 8 - Philippe Roy (substitute teacher)

Age: 24

Gross Annual Income: \$12,500

Monthly after-tax income: \$1,041

Family aid: Child benefit(CAN) \$450/month - Child Assistance (QC) \$273.50/ month

Status: Single Parent

Description: You have a 20 month-old child and live at home with your parents to save on rent. You are unsure if you should pursue a full-time career (which would double your salary) or continue working part-time to avoid having to pay for daycare costs. You have a car, but within the next few years you would like to move away from home.

Monthly Fixed Costs: Car (gas and insurance) - \$400, Child expenses (clothing, diapers, food) - \$400, mostly covered by the *Child assistance payment*.

Challenge: If you decide to pursue a full-time job, you need to account for the full-time daycare costs, which could total \$300 per month or more. Does it make sense for you to do this now or should you wait until your child is in kindergarten? What is the best way to balance career and family?