

Tips and tools for
maximizing your savings

Investing with Interest





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Prosper Canada

Prosper Canada is a national charity **driving bold change** that enables more people to prosper. With government, business and community partners across Canada, we are **expanding life-changing financial empowerment services, innovating for greater inclusion and impact, and removing barriers to financial well-being** for people with low and modest incomes. Our goal is a Canada where everyone has the opportunity and support to achieve financial well-being and live with **dignity, stability, and possibility**.

Acknowledgement

Prosper Canada acknowledges that we live and work on the ancestral lands of First Nations, Inuit, and Métis Peoples. Our office in Tkaronto (the Mohawk name for Toronto) is situated upon the traditional territories of many nations, including the Wendat, Anishinabek Nation, Haudenosaunee Confederacy, Mississaugas of the New Credit First Nation, and Métis Nation. We are grateful to these Nations for their stewardship of this land and acknowledge our responsibility as settlers and newcomers to share and care for this land in the spirit of peace, friendship, and respect.

Learn more about **Prosper Canada's commitment to reconciliation** on our website.



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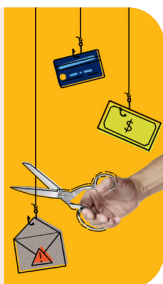
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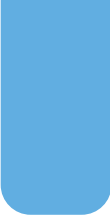
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We must open the doors
and we must see to it
they remain open, so that
others can pass through.

- **Rosemary Brown**

About this booklet

People save for different reasons. For instance, you may want to save for emergencies, or for your children's education, or for your old age. Having goals for your savings helps to keep you motivated. You sleep better knowing you have some money set aside.

Saving accounts earn interest. That means your money is working for you and slowly growing. This booklet looks at ways you can take your savings further, by investing your money. The potential for returns increases. So does the

potential for risk. This booklet explains key investment concepts. It will guide you through the options.

Getting help and advice

To help you get started with investing, we recommend you look for support from a

financial coach or mentor you trust. Many community organizations provide these services for free. Or, you may have friends or family who can support you.

But remember, it is your money, and your investment journey. You can choose who you want to share your information with.

There is a lot to learn, but this booklet can help you get started.

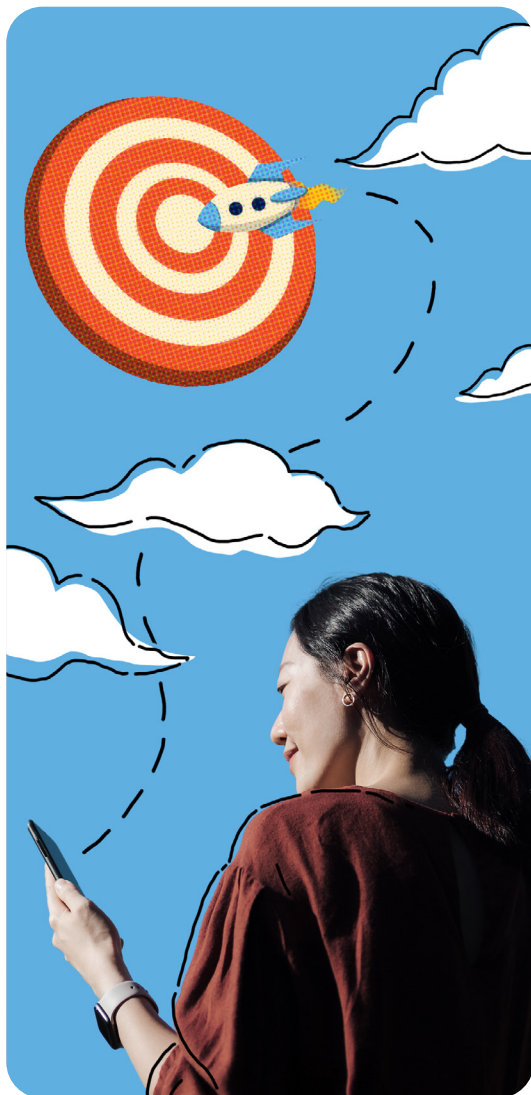
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What do you want to save for?

Saving money can be hard.

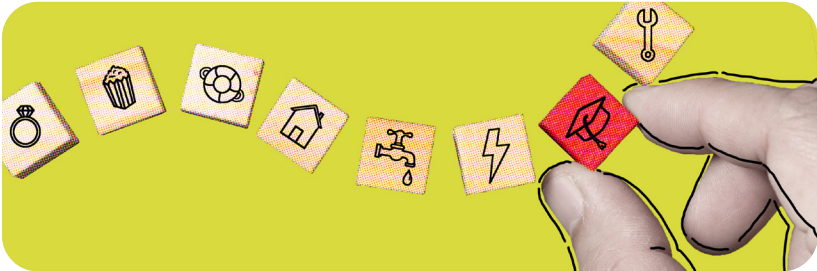
Having a goal can help. A goal is what keeps you focused on the future. You may have one goal or several. Your goal can be short-term or long-term. It might be a personal goal, or a goal for your family.

In this activity, you write down your saving goals. Then you rank them to see which ones are most important. This will help keep you motivated through this journey.



Goals can help us to stay focused on the future.

Take some time to think about what you want to save for. Make notes in the chart below. We have listed some examples to show you how to use the chart, but you should list your own goals.



Saving goal	Rank from 1-3 with 1 as the most important	Amount to save	Length of time to reach the goal (months or years)
Example: Emergency fund (car repairs, etc.)	1	\$1,000	9 months
Example: Saving for a child's eduction	2	\$10,000	16 years
Example: Planning for old age	3	\$20,000	30 years

01

Writing down your goals

Pick one of your saving goals from the chart and write or draw it here:

Tracking your income and expenses

Before you make any decisions about investing money, you need to know what you have coming in (income) and where your money goes (expenses).

Keeping track of money coming in and out is called budgeting. It helps you plan how much money you can save and invest. For this budgeting activity, gather as much information as you can about your income and expenses for a month. Here are some places to get the information you need:

- Pay stubs
- Government benefits statements
- Record of community payments (e.g. annuity treaty payments, stipends...)
- Invoices from self-employment
- Pension income statements
- Bill statements
- Banking statements
- Receipts from your shopping
- Credit card statements
- Record of debts (e.g. loans from family members)



Budgeting, saving and investing require planning. You may not see immediate results but there will be long-term advantages.

Budget worksheet for a month

On this chart, fill in the amount of monthly income you have on the left side. (If you do not have any income in a category, leave it blank.)

On the right side, fill in the amount of monthly expense in each category that applies to you.



Income	Amount	Expenses	Amount
Employment income	\$	Housing expenses (such as rent, mortgage, utilities, home repairs, tenant or homeowner insurance, condo fees, property taxes)	\$
Self-employment income	\$	Living expenses (such as groceries, clothing, laundry, medical costs, childcare or child support)	\$
Child support income	\$	Transportation expenses (such as public transit, car payments, gas, car insurance)	\$
Government assistance (such as Employment Insurance, social assistance)	\$	Personal expenses (such as phone, TV, internet, eating out, gifts, personal grooming)	\$
Student loan (money received)	\$	Savings (emergency fund, other)	\$
Government benefits (such as Canada Child Benefit, GST/HST credit)	\$	Debt payments (such as credit cards, student loans or personal loans)	\$
Disability benefits	\$	Other expenses	\$
Other income	\$	Other expenses	\$
Total monthly income	\$	Total monthly expenses	\$

Balance (Total monthly income minus Total monthly expense) \$ _____

What should you do with your balance?

If your income is more than your expenses, how will you use the extra money?

Have you paid off your debts?

If you answered no, saving and investing may not be the best option for you right now. Instead, visit Prosper Canada at [learninghub](#). Look for the [Dealing with Debt](#) resource.

If you do not have debts, you can put the money aside to achieve the goal you set in section 1.

If your expenses are more than your income, you may want to look for ways to increase your income. For example, you may be able to apply for government benefits that you are not receiving yet. Visit our [Benefits Wayfinder](#) to learn more. You may also want to look for ways to reduce your spending.

How will you increase your income or reduce your spending?

Sometimes money comes in or goes out only a few times a year, not on a monthly basis – for instance; tax rebates could give you unexpected income. Things like home repairs or the cost of seasonal gifts could add to your expenses. Reviewing your budget regularly will help you plan for spikes in income and expenses.

Tip: Update your budget regularly. This helps you be ready for changes to income and expenses.

Are you ready to **invest**?

Found some extra money in your budget?

If your income is more than your expenses, then you may be ready to think about saving and investing. In this section, you will understand the basics of investing and look at the options.

What options do I have for my extra money?

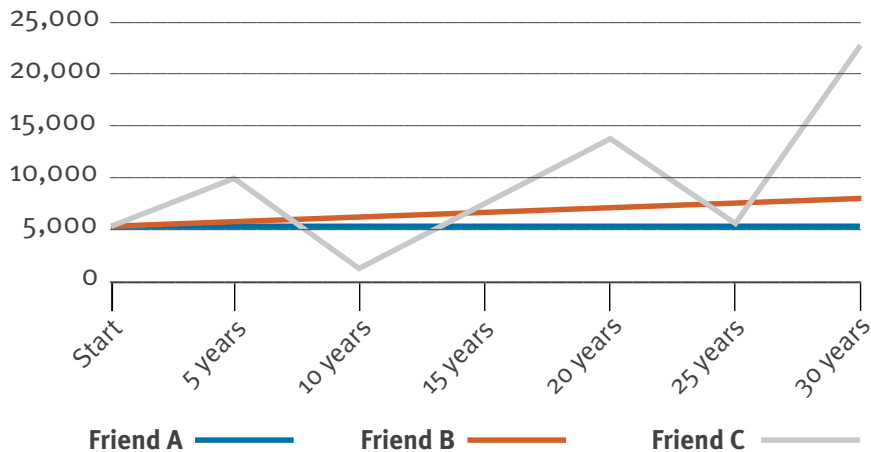
- **Do nothing:** You could keep the money in your chequing account, but most chequing accounts do not bear interest. You could even hide it under your mattress. Either way, your money will not grow much, if at all.
- **Share it with your friends, family or community:** If sharing with your family, friends, or community is important to you, then you can direct some of your extra money to giving back. Indigenous Peoples support their community and local businesses by purchasing beadwork, participating in community raffles, or intentionally spending money in Indigenous led stores/ restaurants and businesses.
- **Put the money in a savings account:** Banks and credit unions have accounts that keep money safe and pay interest on it. The money will grow according to the interest rate offered.
- **Invest the money:** There are different investment products (e.g. stocks, bonds, mutual funds...) you can buy but prices go up and down. When you sell the product, the price you get may be lower or higher than what you paid. In other words, you could make money, but you could also lose money.



Investing is risky, but sometimes we may need to take risks to achieve our goals.

03 The basics of investing

Let's look at an example of three friends who each have \$5,000. They make different choices around what to do with their money.



- Friend A kept his money under the mattress. No change in value.
- Friend B opened a savings account earning 2% annual interest for a total of \$8,000 after 30 years.
- Friend C invested the money. There were many ups and downs in the market, but on average the returns were 5% a year. The value after 30 years is \$22,000.

So, keeping the money under the mattress isn't the best approach.

Your risk tolerance

Investing comes with the risk that you could lose money. You might make more in the long run. But your risk tolerance is how much you can afford to lose.

For instance, let's say you have a lot of savings. But you are only investing a small amount of your total savings. In that case, your risk tolerance might be high. That is because if you lost the money, you could still afford to live on the remaining savings.

But if you do not have a lot of savings, then your risk tolerance might be low. You would not have much to fall back on if you lost the invested money.

Answer these questions to find out about your risk tolerance:

- How much do you have in savings right now?
- What are your monthly expenses?
- What are your monthly expenses for six months?
- How much of your savings could you afford to lose and still be able to meet your expenses for six months?

Based on my answers, I think my risk tolerance is (check your answer):

Low ☐

Medium ☐

High ☐

Your time horizon

Time horizon means how long you are planning to hold an investment. The stock market goes up and down. Holding an investment for a long time gives it a better chance to really grow.

For instance, say you have a goal you want to achieve in less than 5 years. That means you will need the money you have invested quite soon. This is a **short** time horizon.

But say your goal is to grow your money for retirement in 30 years. That means you are not planning to use the money for a long time. That is a **long** time horizon.

Answer these questions to find out about your time horizon:

- When do you want to achieve the goal you set at the beginning of this booklet?
- Is there a chance you will need the money sooner?
- If your investment was not doing well, could you delay your goal and use the money later?

Based on my answers, I think my time horizon is (check your answer):

Short ☐

Long ☐

Your desired return

Your desired return is how much you want your money to grow.

For instance, say you are saving for a new place to live. You need \$2,000 for a rent deposit. You already have \$1,500 saved. This means your desired return is low, as you don't need to grow your money by a large amount.

But say your goal is to save for retirement. You want to save \$30,000. Right now, you have \$5,000. Your desired return would be high because you want to grow your money by a lot.

Answer the questions below to identify your desired return:

- Do you need to grow your money by a large amount?
- If you needed to, could you delay your goal to give your money more time to grow?

Based on my answers, I think my desired return is (check your answer):

Low ☐

High ☐

Match the option to your situation

The table below shows the two options for growing your money. Think about the answers you gave in this section and check the boxes that apply to you.

Savings account	Investments
☐ Low risk tolerance	☐ Medium or high risk tolerance
☐ Short time horizon	☐ Long time horizon
☐ Low desired return	☐ High desired return

The option with the most checks might be the best option for you.

Tip: Your risk tolerance, time horizon, and desired return can change. Review them every year. You may find that you can take more risks, as you get more confident about saving and investing.

What can you **invest** in?

If you are ready to invest, there are different ways to do it.

This section describes different types of plans and accounts you can open to invest from. It also describes some options for investment products. Choose what is best for you.

Where can you invest?

There are many places you can invest including a bank or credit union, online or through a financial advisor. Some people choose to directly buy and sell stocks and bonds through a stock-trading platform that they set up with a bank or financial advisor.



You should revisit your savings and investments regularly. Depending on your situation your goals may shift (for instance, saving for a child's education will not be needed once your child has completed their education) and you may want to change your investments to better align with your goals.

Investment plans and accounts

Registered savings plans and accounts

Registered savings accounts are given special status by the government. You can hold different investment products within them, such as a bond or mutual fund (see definitions below). There are income limits and maximums for all registered plans.

Registered Education Savings Plans (RESPs)

Registered Education Savings Plans (RESPs) offer government grants while you save and invest for a child's post-secondary education. The government will add to your savings.

Tax-Free Savings Accounts (TFSAs)

Tax-Free Savings Accounts (TFSAs) allow you to save and invest a certain amount each year. You never have to pay tax on the money that you earn from interest or the gains you make from investing.

Registered Disability Savings Plans (RDSPs)

Registered Disability Savings Plans (RDSPs) are a good choice if you are saving and investing for the long-term financial security of a person who is eligible for the disability tax credit (DTC). The government will add to your savings.

Registered Retirement Savings Plans (RRSPs)

Registered Retirement Savings Plans (RRSPs) give you tax breaks if you have employment income while you are saving and investing for retirement. You pay tax on the money when you start to use it. If you need the money before you retire you can withdraw money, but there may be fees and taxes applied. Avoid dipping into this fund, but if you must use this money, make sure you know the fees that may be applicable.



Even if you are not ready to buy an investment product just yet, there are still benefits to opening a registered savings account. Common options are a TFSA and RRSP. This chart compares their benefits:

Tip: You can also hold both a TFSA and RRSP account. Both have limits to how much you can contribute to them each year.

A TFSA may be best for you if...

- You are saving for a goal other than retirement.
- You have a low income (the official definition for low income varies depending on your family size and where you live) but generally, if you are struggling to make ends meet, you may qualify.
- You pay no tax or very little income tax, or if you have earned tax-exempt income on Reserve.
- You expect to receive the Guaranteed Income Supplement (GIS) for low-income seniors when you turn 65. The GIS is an additional amount seniors with a low income may receive.

An RRSP may be best for you if...

- You are saving for a long-term retirement goal.
- You have regular income.
- You pay income tax.
- You do not expect to receive the Guaranteed Income Supplement (GIS) for low-income seniors when you turn 65.

Investment products

Here are some examples of investment products you can choose from:

Guaranteed Investment Certificate (GICs)

These are also called term deposits at some credit unions. The money you put in is guaranteed, and the certificate grows by a set percentage.

Bonds

These are like an IOU, where you ‘lend’ your money to an institution, and they pay you interest while they are using it. These are usually lower risk than stocks but may offer lower returns.

Stocks

Owning a stock in a company means you own a very small piece of the company. How much the stock is worth changes based on how well the

company is doing. The value of stocks can change very quickly. While you could make a lot, you could also lose a lot.

Funds

Instead of buying individual stocks or bonds, you can buy a fund. A fund usually includes lots of different stocks or bonds. This is a good way to make sure you don’t ‘put all your eggs in one basket’. This is called diversifying. Even if the value of one stock or bond goes down, others may go up. Common funds

include mutual funds and Exchange Traded Funds (ETFs).

All of these products can be held within a registered savings plan. Imagine it as a “bucket” that can hold different investment products. For example, if you decide to open a Tax Free Savings Account, you can put stocks, bonds, ETFs, and GICs in that bucket. You can buy and sell investments or change the kind of investments you own within that bucket. If possible, it is good to diversify and have a variety of investments.

Tip: Research the investment or discuss with your advisor before you invest. Some investment accounts and products may carry fees that may impact the amount you earn from your investment.

Where can you get advice?



**Investing can be stressful, but you are not alone!
There are supports available to help you.**

When deciding how and where to invest, it is a good idea to ask for help. Here are some places you can reach out to for support:

Friends and family

Do you know someone you can trust who has experience and knowledge about investing? Set up a time to talk with them.

Your community

Many community and non-profit organizations offer help and advice about finances, at no cost. Check what is available from the community organizations near you.

Robo advisors

These are online platforms where you can get automated advice about investing. They charge fees, but they are cheaper than in-person financial advisors.

Financial advisors

There are many kinds of financial advisors. Some are expensive and only work with people who have a lot of money. Banks and credit unions often have financial advisors who work with you for free. But keep in mind; they are interested in selling their own products.

Planning for your meeting with an advisor

Once you have scheduled a meeting with an advisor, use this worksheet to help plan your conversation. Here are some examples of questions you might ask, with spaces to make notes. You can add your own questions to the worksheet.

How much money should I invest?

How often can I contribute to the investment?

How much risk should I take?

What investment products are best suited for me?

Where can I buy the investment?

What information will I need to share to buy an investment? How is this information used and how is my privacy protected?

How can I track my investment?

What is the rate of return for my investment?

How does it compare with other investments?

What fees will I need to pay on my investments?

At the end of your meeting, use this space to write down what you plan to do next. Remember: It is best to do your own research before making any investment decisions.

Next, I will:

Tip: Check if your financial advisor or the business selling you the investment is registered with the Canadian Securities Administrators. Registration helps protect investors because securities regulators will only register firms and individuals if they are properly qualified.

Tracking your investments

Review your monthly or quarterly statements to track your investments. You need to know how they are doing so that you can make changes if needed.

Make a note of these details about meeting again with your advisor.

1. Contact information of the advisor

2. Date and time of your next meeting:

3. How often you plan to have these meetings:

4. How often they will track your investments:

Tip: Remember you can start with just opening a savings account.

Opening a savings account

If you decided that a savings account is the best option for reaching your goal, it is easy to open one. All banks and credit unions offer savings counts, but the deals they offer can differ. Shop and compare. Here are some things to think about:

- Does the savings account have service fees for withdrawals or transfers?
- Is there a minimum deposit required to waive the service fees?
- How much are the service fees?
- What is the interest rates offered on savings?

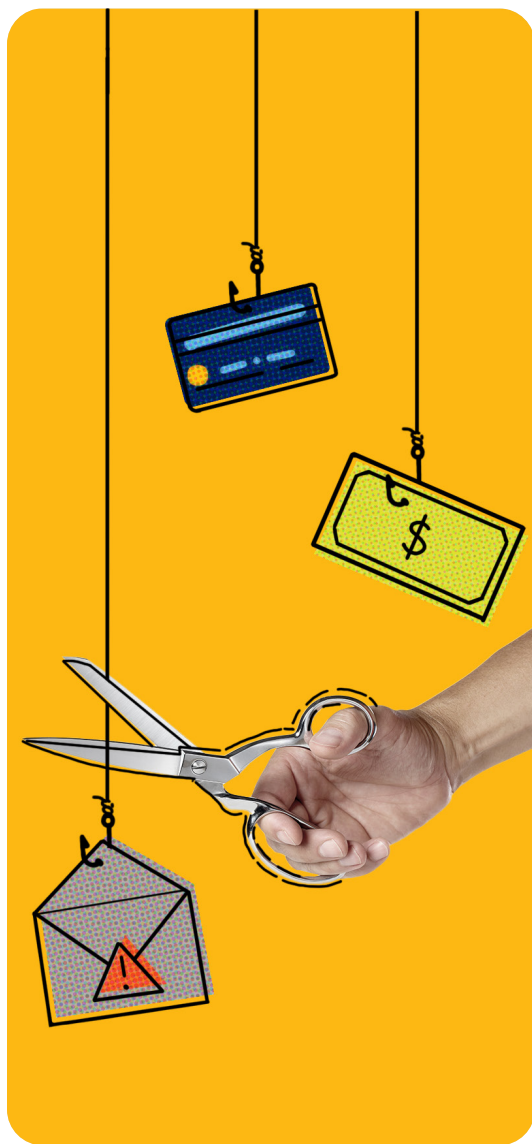
Opening an account for investing

If you decided that investing is your best option, use section 4 to learn about the types of plans and accounts you can choose from.

Watch out for **investment** frauds and scams

You've probably heard of friends or family falling victim to scams and frauds. This may even have happened to you. There are phone, text, email, and internet scams. There are identity thefts, pyramid schemes, work-from-home scams, and many more. Being aware and cautious about them can help you stay safe.

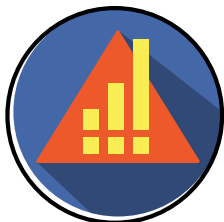
Cyber fraud is any kind of scam that happens through one of your devices. This section will help you spot cyber fraud related to investing. It will guide you on what to do if you fall victim to a fraud or scam.



Stay alert so you don't become a victim of scams and fraud.

Recognizing cyber fraud

Here are some of the common scams you may come across:



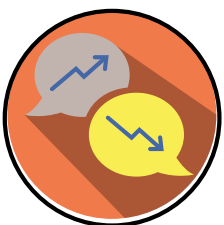
1. Investments that are too good to be true:

These fake investments offer high returns in a short amount of time and with low or no risk. If you spot this: Get a second opinion from a registered advisor or trusted member of your support network.



2. Pressure to buy immediately:

Scammers may try and rush you so that you don't think about all the risks before you invest. If you spot this: Pause. Do your own research and check their registration.



3. Investors offering hot tips or insider information:

The tip is likely false, and you could lose your money. Even if it is true, it is illegal to act on insider information. If you spot this: Ignore the information.



4. Emails, attachments, and messages from senders you don't know:

These can be attempts to steal your personal information. Or the messages could contain dangerous files that will access your information. If you spot this: Do not open unknown attachments or links. Do not download unknown apps. Never share your personal details with anyone you don't know and trust.



5. Unregistered advisors and businesses:

Your first step is always to check if an advisor or investment business is [registered with the Canadian Securities Administrators](#). If you spot this: If they are not registered, do not invest with them. Report them to your provincial or territorial securities regulator. You can get the contact information on the [Canadian Securities Administrators' website](#). Look for Contact Us for contact information.



6. Requests to make immediate payments:

Never pay money to people before checking who they are. If you spot this: Take your time to check the information and their identity. Ignore requests for payment for things you did not buy.

What to do if you are a victim of fraud or a scam

- Take a moment and collect your thoughts. Gather all the information about the fraud, including documents, receipts and, any emails or text messages concerning the fraud.
- Contact your financial institutions. Report the incident to the financial institution that transferred the money. If you are the victim of identity fraud, place flags on all your accounts and change all your passwords.
- Check your financial statements and credit card statements. Check your credit report. You can ask for one free credit report each year from [Equifax Canada](#). Look for How to get a free credit report. You can also request one free consumer disclosure from [TransUnion Canada](#).

Look for Consumer Disclosure. You can find more information on how to apply and the information you would need by visiting their websites.

- Report it to the police. By providing law enforcement agencies with information, you are helping them investigate the crimes, build cases against the criminals and in some cases link several crimes together. The more information the police have, the better their chances of catching the fraudster.

Visiting a police station can be stressful, and you may be able to report it online, or if you need to go in person, consider taking a trusted person with you. Once the incident is reported the police will issue you a file number for future reference. If you later find suspicious activity on your credit report, update your file with the police.

- It is also recommended that you report it to the [Canadian Anti-Fraud Centre](#) and look for Report Fraud.

If you notice any transactions you did not make in your financial statements, credit card statements, and credit reports, report them right away.



Look at what you have achieved so far

Plan for success. You may be well on your way to reaching your goal or you may have just started. Treat every small step toward your goal as a win.

Investing and planning your finances can get overwhelming. This section, and the resources section that follows, will help you to think about where you need support and where to look for it.

Investing is a journey. You may need to adapt and change course several times. By reviewing your investments regularly and making changes as needed, you can set yourself up for success.

Reflect on your **investment** journey

Answer the questions below in the spaces provided.

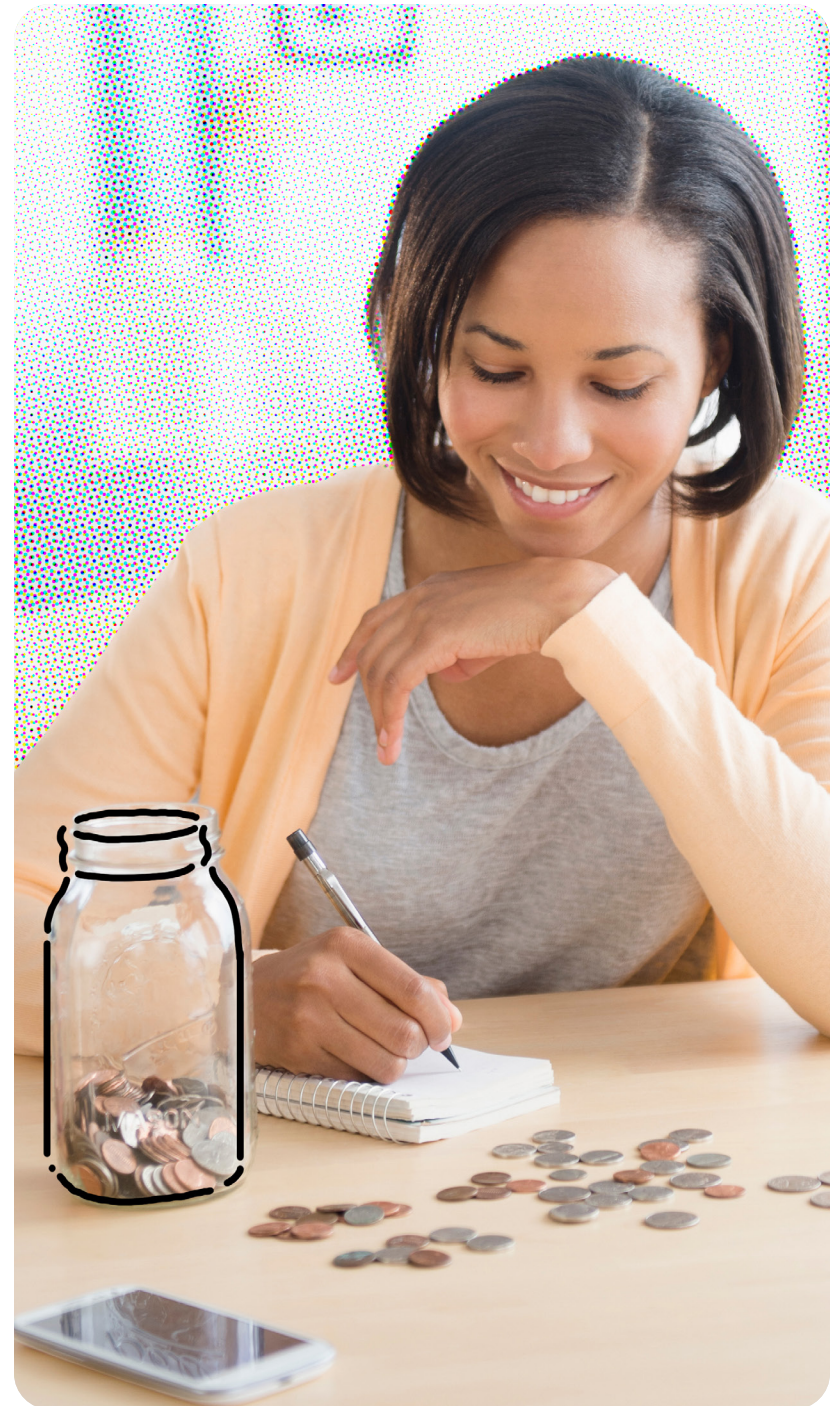
1. When I look back at my investment journey, I am most proud of:

2. The areas I am least sure about are (for instance, budgeting, different investment products, frauds and scams):

3. I would like to learn more about:

4. I am going to look for support in the following places:

Tip: Check the non-profit organizations around you. Some may offer free financial programs and support.



Places to look for support

If you are having trouble with debt or paying bills, you may wish to speak with a [credit counsellor](#). Look for a credit counsellor online.

Some **community agencies** have trained financial coaches who can help. They can meet with you one-on-one and give you information on savings, managing your money, applying for benefits and more. Here are some ways to get help finding a community agency near you:

- Go to the [211](#) website.
- Call 2-1-1- on your phone.



Tip: Remember that you are not alone in your journey. You can always seek financial guidance and support.

- Use the Prosper Canada Financial Empowerment Directory at the [learninghub](#).
- Check your local library. They may hold workshops on money management, savings, and investing.

Resources: Learn more

These Canadian resources are all recommended, but the list is not complete. Search for provincial websites to find out more about services and benefits you can access where you live.

1. Benefits and credits

Benefits Wayfinder:

An online tool to help you find benefits and credits you may be eligible for (Prosper Canada).

<https://benefitswayfinder.org/>

Frauds and scams

Canadian Anti-Fraud Centre:

Learn more about how to report fraud, protect yourself, and what to do if you are a victim of fraud (Government of Canada). <https://antifraudcentre-centreantifraude.ca>

The little black book of scams:

Increase your awareness of the many kinds of fraud that target Canadians. Learn about how to protect yourself from fraud (Government of Canada) competitionbureau.gc.ca and look for the Little Black Book of Scams. <https://competition-bureau.canada.ca/en>

2. Credit and debt

How to get a free credit report:

You can get one free credit report a year from each of these credit bureaus. The report will help you to catch errors, fraud and identity theft early. You can also update any outdated information.

Equifax Canada

Visit <https://www.equifax.ca/personal>. Look for **How to get a free credit report**.

TransUnion Canada

Visit <https://www.transunion.ca/product/consumer-disclosure>

Dealing with debt:

Activities to help you manage your debt and tips on how you can reduce it (Prosper Canada). Visit Prosper Canada at learninghub.prospercanada.org. Look for the **Dealing with Debt** resource.

Getting help from a credit counsellor:

If you are having trouble paying back your debt or keeping up with your payments, you may want to talk to a credit counsellor (Financial Consumer Agency of Canada). Visit <https://www.canada.ca/en/financial-consumer-agency/services/debt/debt-help.html>

3. Investing information

Ontario Securities Commission:

Articles, tools, calculators, and research to help you make informed investment decisions. <https://www.getsmarteraboutmoney.ca/>

Canadian Investment Regulatory Organization:

Articles on investing basics, understanding risk and avoiding fraud and protecting your investments. <https://www.ciro.ca/office-investor>

Canadian Securities Administrators:

Anyone who sells securities, offers investment advice, or acts as a fund manager in Canada must register with a securities regulator. You can check their registration status on this website. <http://www.aretheyregistered.ca/>

4. Industry organizations

Most advisors belong to an industry organization. Some of these professional groups regulate their own industries. Most can help you search for advisors on their websites. Here are four groups to try.

Canadian Investment Regulatory Organization - <https://www.ciro.ca/>

Advocis – Financial Advisors Association of Canada - <https://www.advocis.ca/>

FP Canada - <https://www.fpcanada.ca/>

Portfolio Management Association of Canada - <https://pmac.org/>

5. Professional and community resources

Find government and community-based health and social services - <https://211.ca>

National Aboriginal Capital Corporations Association - <https://nacca.ca/>

Tip: Web addresses sometimes change. If a link is no longer active, try doing a web browser search for the same item.

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