FINANCIAL EDUCATION WORKBOOK

Celebrate when you achieve your goals!

A guide to achieving financial well-being.

F.e.t.e.
Financial Education to Empower

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Welcome

HEY YOU!

Welcome to the start of a new day in your life. You have made the right decision to be deliberate about your financial future.

Before we begin this experience, let's set some objectives. At the end of the **VM Financial Education to Empower (VM FETE)** Training programme you should be able to:

- Understand key financial principles including **saving, investing, and managing debt,**
- create a **Personal Financial Plan,** and
- understand the process and articulate the basic principles of **Home Ownership, Investment and Retirement Planning**.

Congrats on taking this powerful step towards your financial well-being. Now flip the page and let's get started.

Celebrate when you achieve your goals!

FINANCIAL WELL-BEING

Do you know what it means to be 'financially literate'? Financial Literacy is knowledge of financial, credit and debt management in order to make financially responsible decisions in our everyday lives. Someone who is financially literate will know, for example, how a savings account works, how to manage a credit card properly, how to avoid debt and how to achieve their life goals.

To be financially well means having clear financial goals, documenting specific plans towards achieving these goals and being satisfied that you are making progress towards these goals. Financial Literacy is a key part of achieving Financial Well-being.

The VM Approach to achieving Financial Well-being

At VM, we have our unique approach to getting our Members and clients from where they are currently, to achieving financial well-being. This approach includes 3 simple steps.

STEP 1: **Assess** your situation and document your goals

STEP 2: **Create** specific plans for achieving these goals

STEP 3: **Track** your desired milestones to achieving these goals

We'll explore these steps in a bit.

#CURRENT SITUATION

Assessing Your Financial Position

Before beginning any journey, you need to understand where you are. Similarly, before beginning your financial journey, you need to assess your situation and set clear goals.

Someone who is on their journey towards financial well-being has documented clear goals, created specific plans for achieving these goals and feels that he or she is making progress toward these goals.

Life is a cycle, a series of events. At every stage in life, our wants and our needs vary. When it comes to finances, we all fall somewhere in what is called the Financial Lifecycle.

Where are you in your financial life cycle? ______________________________

____

LIFE STAGE	WANTS	NEEDS
Early Childhood	1. 2. 3.	1. 2. 3.
Secondary Education	1. 2. 3.	1. 2. 3.
Tertiary Education	1. 2. 3.	1. 2. 3.
Career Development	1. 2. 3.	1. 2. 3.
Raising A Family	1. 2. 3.	1. 2. 3.
Pre-Retirement	1. 2. 3.	1. 2. 3.
Retirement	1. 2. 3.	1. 2. 3.

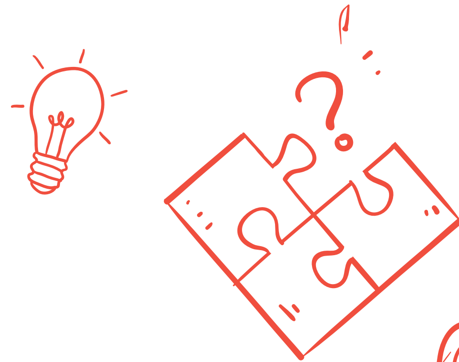
FINANCIAL PROFILE

So you've identified where you are in the **Financial Lifecycle.** Let's take a more detailed look at your **Financial Profile.** There are no wrong or right answers, so there's no chance of you getting a failing grade. Just answer honestly.

1. What is/are my source(s) of income?

2. How do I view money? (See appendix for 'understanding my money personality')

3. How do I spend money?



4. I save money:

A. Every week
B. Every month
C. Rarely
D. Never

5. I have a budget and I stick to it

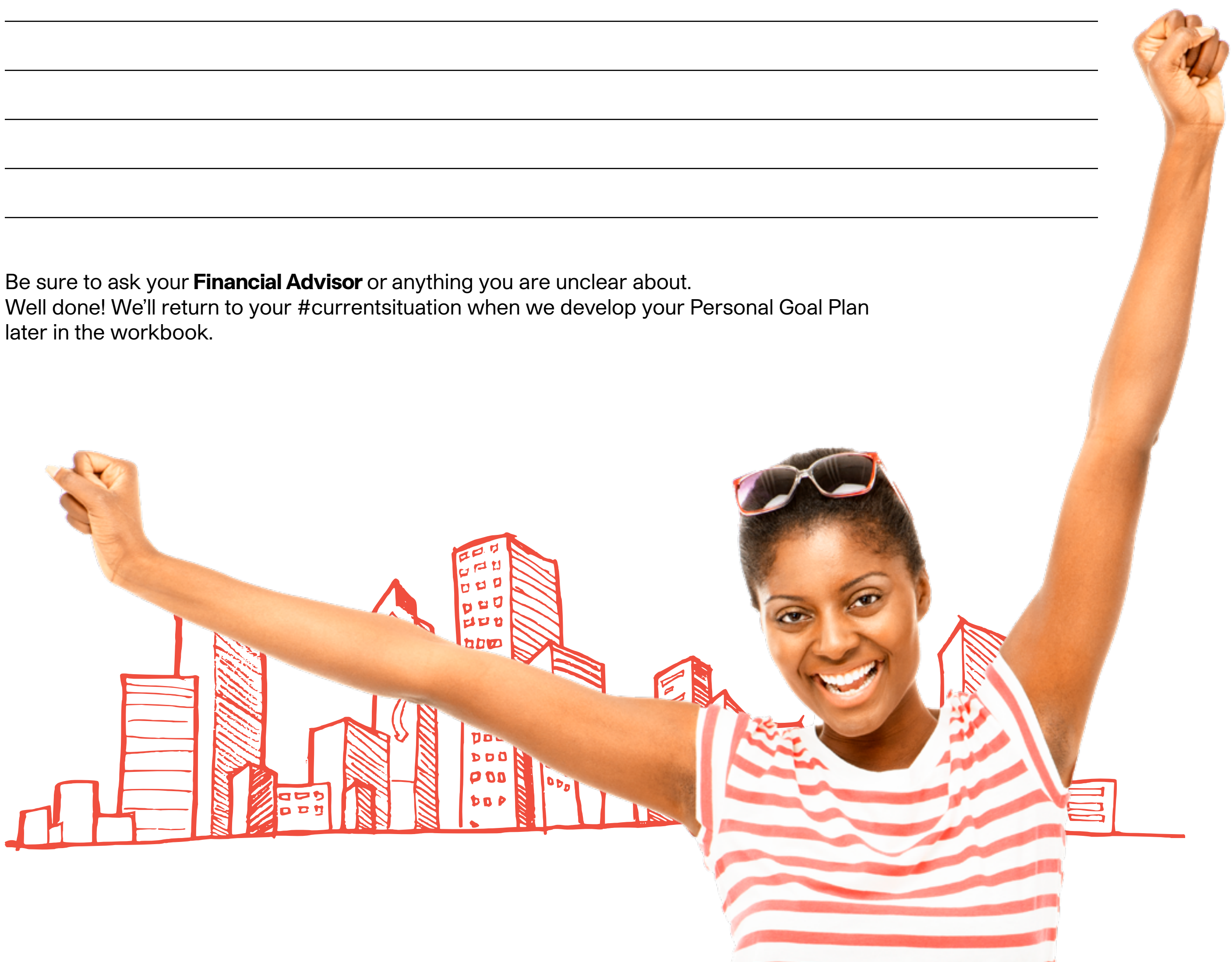
A. True
B. False

6. I have a clear idea of my future financial goals (car, house, vacation etc.)

A. Yes
B. No
C. Haven't really thought about it

How would you describe your current knowledge of finances (how money works, Financial terms etc.)**?**

Be sure to ask your **Financial Advisor** or anything you are unclear about.
Well done! We'll return to your #currentsituation when we develop your Personal Goal Plan later in the workbook.



Calculating your Net Worth

Your net worth helps you to distinguish your assets from your liabilities. It is another useful tool in helping you to assess your financial position.

Your Assets

Putting it simply, your assets are anything that you own.

Examples of assets are:
cash, investments, property, vehicle

Your Liabilities

Your liabilities are the exact opposite of your assets. These are everything that you owe.

Examples of liabilities are:
loans, outstanding taxes,
credit card debt

We would all like to have a positive net worth. To determine your net worth, subtract your liabilities from your assets.

Part 1

Key Financial Principles

THE IMPORTANCE OF SAVING

Want to achieve Financial Well-being and build wealth? The answer is to start saving early and consistently. Saving means putting aside a portion of your income for future use. It's usually the difference between your income and your expenses.

The Benefits of Saving

Saving is the key to achieving financial well-being and building wealth.

Having savings means you :

- are able to afford the things you want
- have cash in an emergency
- are able to retire in comfort
- don't have to depend on others
- feel good, especially if saving is a major sacrifice

BASIC PRINCIPLES OF SAVING

You might be thinking you can't save, because most of your earnings are going back into paying bills and surviving from day to day. Wanna hear a secret? **EVERYONE CAN SAVE,** including you. There are two main things to remember about saving.

1. **No matter how much you earn, once you spend less, you're saving.**
2. **No matter how small, each time you get money, put some aside as savings.**

PAY YOURSELF FIRST

- The first thing you should pay each month is yourself.
- Before you pay any bills, set aside a fixed amount (ideally a minimum of 10% of your earnings) to save towards your goals.
- This guarantees consistent savings and eliminates the risk of not having anything left back.

TYPES OF SAVINGS ACCOUNTS

There are different options for you to save, based on where you are in the Financial Lifecycle, as well as your financial goals. The recommendation is that you diversify, having a few different accounts based on your financial goals.

Regular Savings Accounts	Make deposits and withdrawals anytime by visiting a branch or electronically using a debit card or online banking.
Contractual Savings Account	Save a fixed amount every month for a minimum period of one year.
Certificate of Deposit	Funds remain untouched for set periods of time as they have specified fixed terms (usually 30, 180 or 365 days).
Long-term Savings Account	Funds remain untouched for a minimum of five years.

Here's a FUN SAVINGS QUIZ for You.

1. Which of these mottos is most likely to lead to saving?

A. Buy now, pay later **B.** Save now, buy later **C.** Splurge now, worry later

2. You've gotten money you weren't expecting... like a lot of money. What do you do with it?

A. Splurge on something you really want and save what's left
B. Save all of it
C. Save most of it and treat yourself to something you really wanted

3. Which of the following is the best strategy for accumulating savings?

A. Keep all your savings in a single account
B. Diversify with several different accounts
C. Use a partner plan for community development

4. Check the benefits of saving from the list below.

A. Having cash in an emergency
B. Retiring in comfort
C. Being able to afford the things you want
D. Having enough to lend to family members

5. Which is the best financial goal to set for yourself if you want to build your savings?

A. Save a fixed amount consistently
B. Save as much as you possibly can
C. Save when you have extra money, no matter how small

6. Match the savings account with its correct description.

Long-term Savings Account	Save a fixed amount every month for a minimum period of one year.
Contractual Savings Account	Funds remain untouched for a minimum of five years.
Regular Savings Accounts	Funds remain untouched for set periods of time as they have specified fixed terms (usually 30, 180 or 365 days).
Certificate of Deposit	Make deposits and withdrawals anytime by visiting a branch or electronically using a debit card or online banking.

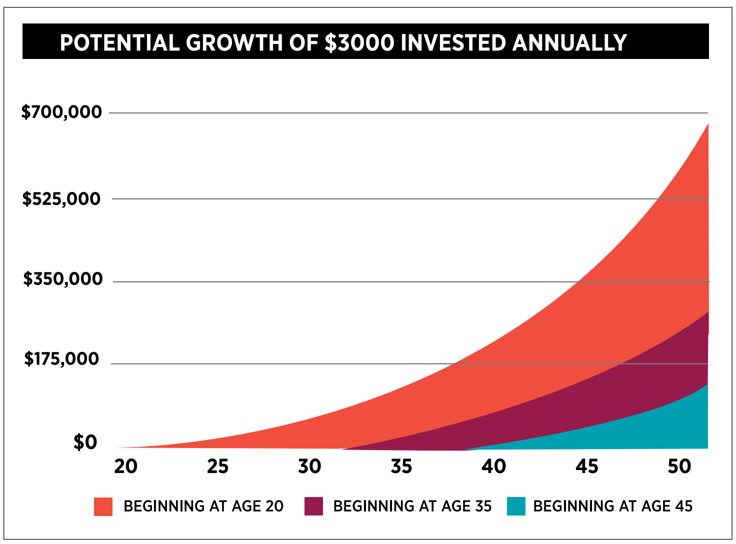
COMPOUND INTEREST

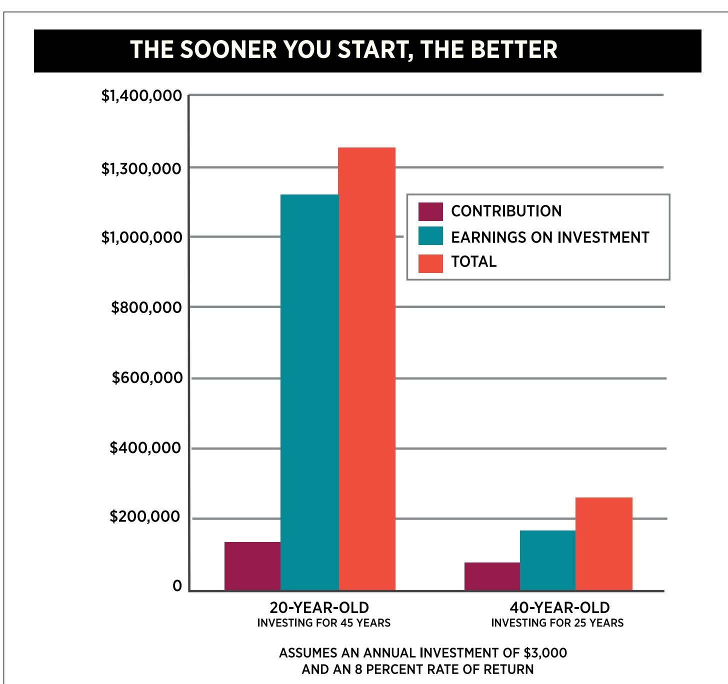
The most effective way to plant the seeds for your financial security is by saving early and consistently. Don't get caught up with how much you save. Just commit to putting something aside on a set time table and allow your money to grow over time.

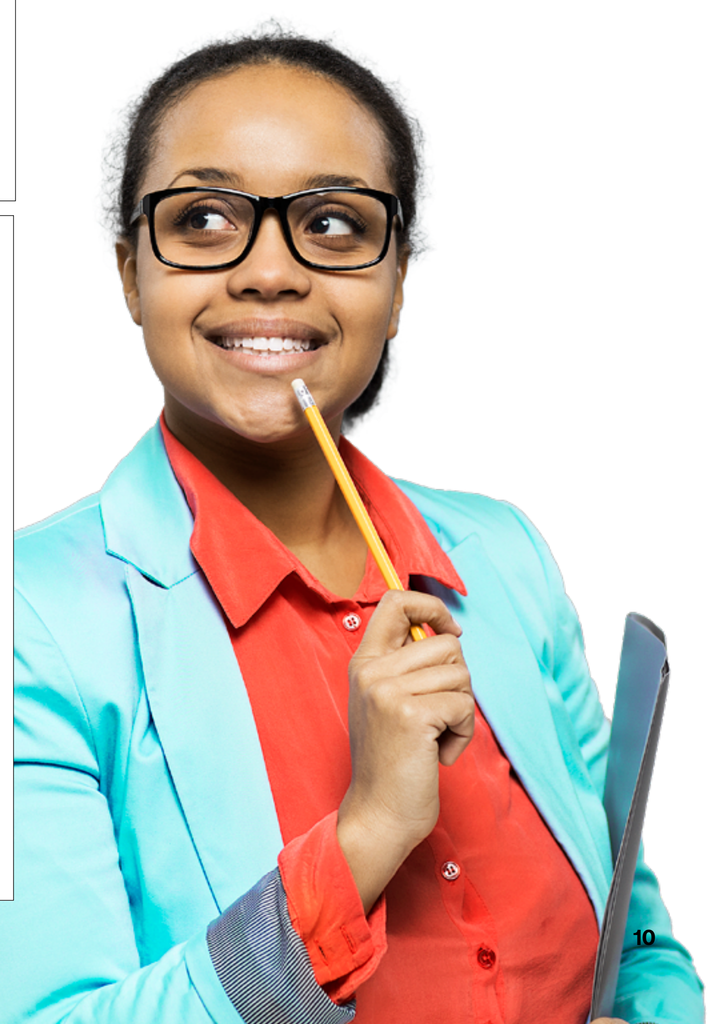
The interest paid on your savings is either Simple or Compound Interest. Simple Interest is paid only on the money you save or invest (the principal), while Compound Interest on the other hand is paid on your principal plus on any interest you have already earned. Which sounds more appealing to you?

Compounding works best to help you achieve your long-term goals, such as Saving for Retirement.
It helps you build wealth faster and has a greater effect on your savings over a longer period of time.
Want Compound Interest? Start saving now!

Check out the charts below to see Compound Interest at work.







Investing

What is Investing?

You would have heard the term ‘investing’ or ‘investment’ before. Do you know the difference between saving and investing? In simple terms, investing means purchasing an asset that is expected to generate income or appreciate in value, while savings typically represent a short-term loan to a bank or other financial institution, often with minimal return prospects. Investing may require that you take on additional risk. However, the risk that you take on often validates the returns that you are expecting. As a rule of thumb, the higher the risk, the higher the returns.

Common Investment Options

Equity

Equity represents an ownership interest in a company. The terms Stocks | Equity | Shares are often used interchangeably, as they share the same definition.

Why are Stocks Issued?

Companies issue stocks as a way of sourcing funding to undertake various business goals. Issuing stock is an alternative to borrowing, with the value of a stock increasing when the company performs well or is expected to perform well.

What Does It Mean When You Purchase a Share or Stock?

Here’s what happens once you purchase shares or stocks in a company.

- You have ownership in the company and are now a Shareholder.
- As a shareholder you can help to determine the policy direction of the organisation.
- Annual General Meetings (AGM) are held, where all major issues concerning the company are discussed.
- Shareholders have the right to vote on these issues.
- You share in the profits of the company by way of dividends.

How do Stocks Provide a Return?

Stock returns have two main components.

- **Capital gains:** The profits realised when the selling price of the stock exceeds the purchase price.
- **Dividends:** The distribution of a portion of the company’s profits to shareholders.

In Jamaica, you may participate in the buying and selling of stocks that are listed on our local Stock Exchange, through an authorised broker/dealer.

Why Equities?

There are many reasons to invest in equities.

- **Benefits from the growth of Jamaica’s best businesses**
- **Modest dividend yield provides regular income to portfolio**

Benefit from our research to ascertain:

- **Quality of business and management**
- **Business with long term competitive advantage**
- **Potential growth and income**

Unit Trust

Unit Trusts are funds that are pooled and invested in assets such as stocks, bonds, real estate and money market instruments. The fund is managed by professional fund managers like our team at VM Wealth Management, with oversight from a trustee, whose role is to safeguard the interest of the investors.

WHAT DOES IT MEAN TO PURCHASE UNITS IN A UNIT TRUST?

The investment portfolio is divided into equal parts, referred to as 'units'. Each unit represents a direct proportionate interest in the assets in the portfolio. The investor purchases units in the Fund. The price of the units reflects the value of the underlying investments and will therefore vary according to the market value of the underlying assets in the portfolio. The unit price is known as the net asset value, or 'NAV' price. These prices are published on Wednesdays and Fridays in the daily newspapers as well as on the VM Wealth Management website.

HOW DO UNIT TRUSTS PROVIDE A RETURN?

The Fund is priced daily according to the Net Asset Value of the underlying investments. Dividends and interest from the underlying investments are either reinvested or paid out. Investors share in the gains of the unit trust - and the losses.

Why Invest in Unit Trusts

Unit Trusts provide an opportunity to invest in attractive assets, while the management of the risks associated with these assets is done by an expert portfolio management team.

Benefits include:

- **Higher Returns**
- **Diversification**
- **Capital Gains**
- **Tax-free Gains on our Equity Funds**
- **Currency and Inflation Hedge**
- **Liquidity**

RETURNS FROM AN INVESTMENT ACCOUNT

Opening Balance:	$10,000.00
Monthly investment:	$10,000.00 for ten years
Savings:	$1.2M
Total Account value at 15% interest rate indicative (i.e. rate is not fixed and may fluctuate, going higher or lower)	$2.797M
Gains:	133%

For illustration purposes only

BUDGET

Does your wallet or purse seem to be magical, the kind that makes money disappear? Do you know where all your money goes? A budget is a useful tool for you to answer that and other questions, and become financially successful.

Creating a budget will:

- help you to track your income and expenses
- tell you how much money you earn and exactly how you spend it
- help you make the most of the money you earn
- help you achieve your financial goals

If your income is higher than your expenses, you're on the right track. If you are spending more than you are earning, then you're living above your means. You need to find ways to either reduce your expenses or increase your income.

Let's see what your monthly budget looks like. Here are some things to consider as you figure it out.

- **if you are living above your means**
- **your fixed expenses** - mortgage, rent, tuition
- **your flexible expenses** - phone cards, entertainment, food, utilities, transportation

Source of Income		Amount	Total Income
1			
2			
3			
4			

Expenses & Bills	Projected Amount	Amount Spent	Comments

Understanding Debt and Credit Management

Do you currently have any debt? Is there a loan out there with your name on it? A big part of financial wellness is making smart credit decisions. The truth is, it's difficult to pay cash for things like your university education, car or house, so these are mainly bought using credit. Borrowers may also benefit from lower interest rates, discounts on fees and so on. Credit is a valuable tool, which, if used wisely, can be to your benefit.

However, without proper management, things can get out of hand quite easily.

What is Debt?

Debt can be described as an amount of cash borrowed by an individual from another individual, a financial institution or the government.

Most adults have some form of debt. However, without a proper understanding of debt, you can dig yourself into a never-ending financial hole.

Why is Debt usually seen as negative?

The consequences of having debt can be both positive and negative.

When mismanaged or used for purposes that do not improve or increase net worth, debt can be labelled as 'negative'. On the other hand, debt that helps to show your credit worthiness can be positive. Do you pay well? Do you pay on time?

Bad Debt vs. Good Debt

Bad Debt

- Unmanaged credit card debt
- Debt to circumvent monthly living expenses
- Pay-day loans
- Debt that does not increase your net worth

Good Debt

- Buying things that save you time and money e.g., a car
- Buying essential items or things to improve your health e.g., a treadmill
- Investing in yourself – debt to learn new skills
- The very best example of good debt is a mortgage

Examples of what makes good debt bad

- Non-repayment of debt
- Paying late
- If you are no longer able to repay your loan due to a reduction in income and you fail to communicate with your financial institution to find solutions
- Not ensuring that your investment keeps its value by not doing regular maintenance nor upkeep

Debt vs. Loans

The words "Debt" and "Loan" are sometimes used interchangeably.

Loan: Specific amount borrowed from another party.

Debt: Total amount of loans outstanding

For example:
Joshua has five loans of $5,000.00 each.
This means he has a total debt of $25,000.00

Types of Debt

Three main types	
1.	**Unsecured**
2.	**Secured**
3.	**Revolving**

1. Unsecured Debt

Unsecured debit does not utilise collateral. The lender provides the loan trusting the borrower's ability to repay. The borrower is bound by a contractual agreement to repay the funds. If there is default, the lender can go to court to reclaim any money owed. This comes at a great cost to the lender. Due to the high risk involved, unsecured debt generally comes with a higher interest rate. Some examples include credit cards and payday loans.

2. Secured Debt

Debt that is backed by an asset is classified as a secure debt. If the borrower does not pay, the asset which is pledged to the lender using a legal document such as a lien or deed, can be seized and liquidated to reclaim the debt owed.

3. Revolving Debt

A revolving debt provides the consumer with the flexibility of accessing an amount up to a maximum limit on a recurring basis. The consumer is free to spend any amount below the limit until the maximum is reached. There is usually a hefty fine for going above the limit. Some examples of revolving debt include a line of credit or credit cards.

Solutions for fixing Bad Debt

Assess	Accurately assess the status of your debts from amount owed to interest charges to expected pay off dates
Make	Make a budget and use it to track and guide your spending
Create	Create more income. Get a second job. Offer to do overtime if available. Repurpose your product and service offerings
Stop	Stop borrowing and using credit cards
Change	Change debt-enabling habits such as eating out and incurring entertainment expenses
Start	Start with a plan – what can you afford to put a little bit more to each month?
Work out	Work out a plan with the your financial institution and stick to it
Look	Possibly look at refinancing

A bad credit rating or history can negatively impact your ability to get loans in the future.

Your Credit History

Hint: Financial institutions now check your credit history as part of their standard loan application assessment. Besides, bad credit can significantly reduce your wealth. Ugh!

So how exactly should you approach credit? We've got a few ideas.

- Only take loans that are absolutely necessary.
- Before taking a loan, ask yourself:
    - Do I really need a loan to buy this, or can I wait a little longer and save for it instead?
    - Is this building my wealth or just increasing my debt and reducing my net worth (your assets minus your liabilities)?
- If you do take a loan, make sure you learn everything about it. READ THE FINE PRINT!
- Try to avoid taking loans for friends and family members. Being a guarantor means you accept full responsibility for repaying the loan if the person defaults.
- Be very careful with credit cards, pay day and hire-purchase loans. Interest rates are usually very high and in most cases you end up paying multiple times for your purchase. That king-sized bed with the memory foam mattress can end up costing you 3-5 times the cash price!

The most important part of your credit history is your track record for paying bills and repaying loans.

These will have a negative impact on your credit history:

- **Paying bills late**
- **Missing loan payments**
- **Not repaying loans**
- **Having an asset repossessed**
- **Having a court judgment levied against you in relation to a bill or loan**

The Credit Card Conundrum

To charge, or not to charge? Should you, or shouldn't you? Credit cards can be useful if used wisely. Those small pieces of plastic come in pretty handy when:

- making online purchases,
- making reservations,
- renting a car,
- making emergency payments, and
- trying to establish your credit history.

While you enjoy the freedom of university or college, restrict yourself when it comes to your credit card. Having one doesn't mean you have free money to spend. There's always the matter of interest, which must be paid on everything you purchase.

Master your credit card with the following tips.

- If you use your credit card, aim to pay off the balance each month.
- If you can't pay off the balance, try to pay more than the minimum payment.
- Make credit card payments on time to avoid late fees.
- Avoid over-limit fees by not exceeding your credit card limit.
- Try to stick with one credit card – it's easier to pay one bill each month.

Part 2

GOAL Planning

It's much easier to achieve your financial goals when you know:

- ☐ exactly what you want,
- ☐ when you want it, and
- ☐ how much it will cost to achieve it.

Remember the VM Approach to financial well-being which we looked at earlier?
Can you write down the steps?

VM Financial Well-being Approach

Step 1: ______________________________

____

____

Step 2: ______________________________

____

____

Step 3: ______________________________

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STEP 1 Assess your Situation and Document your Goals

Earlier you assessed your situation to determine a few things, including where you are in the Financial Lifecycle and your attitude towards money. Let's document your goals. We all have goals that we want to achieve and life events that we need to plan for. Some popular goals are:

GOAL	MOTIVATION
Emergency Fund	6 months' of living expenses to take care of unexpected issues such as car repairs, medical bills, natural disasters
Higher Education or Children's Education	Improve job prospects Be in a better position to earn a higher salary and improve standard of living
Home Ownership	Stability and security for self and family Build equity to increase wealth
Retirement	To maintain a comfortable standard of living when one stops working full time

STEP 2 Create Specific Plans for Achieving these Goals

Writing down your goals is the first step towards creating a successful financial plan. So, what are your goals? What's important to you in the short, medium and long term? Part of creating your plan is deciding the period of time within which you want to save up for a goal, or your time horizon, and how much you want to put away each month to help you reach it. Once you prioritise a goal, you may have to put the others on hold as you try to achieve it.

Here are 3 sample goals for the short, medium and long terms.

Buy a New Bed	• **1 year** • **Short-term**	To buy a new bed which cost $150,000 in December 2022. I will save $12,500 per month in a VM iSave Account
Start my MBA	• **4 Years** • **Medium-term**	To start my MBA which costs $1.8 Million in January 2026. I will Save $38,000 per month in a VM iSave Account.
Save for my House	• **6 Years** • **Long-term**	To save $2.6 Million for the deposit on my house in 6 years. I will save $35,000 per month in a VM iSave4Home account.

Now go ahead and complete the Goal Planner below, based on the example shown.

Goal Planner Form

Goal	Time Horizon	Plan

STEP 3 Track your Desired Milestones to Achieving these Goals

Congratulations! Look at you – you made your plan and pretty soon, you'll be well on your way to reaching your goal. As your journey unfolds, it's important to keep track of everything, so you can stay focused; call it a report card of sorts. This will be especially useful as you experience any changes to your income, health, or family needs, or even the goal itself. Do a mid-term or semi-annual review of your plan, and do an in-depth evaluation if any life events happen as you pursue your goal.

Goal Tracking Sheet

Date:

Task	Times/Week	S	M	T	W	T	F	S	Completed

Date:

Task	Times/Week	S	M	T	W	T	F	S	Completed

Date:

Task	Times/Week	S	M	T	W	T	F	S	Completed

Date:

Task	Times/Week	S	M	T	W	T	F	S	Completed

Date:

Task	Times/Week	S	M	T	W	T	F	S	Completed

Monthly Totals	
Completed	
Not Completed	

Part 3

Achieving Some Major Life Goals

Home Ownership

Doesn't owning your own home sound exciting? The freedom and security are incomparable. Investing in real estate is definitely exciting and a big deal. It's quite likely one of the biggest investments you will make. Since it's such a big deal, it requires careful thought and professional guidance. These are some things to consider when Home Ownership is your goal.

1. Save

Get an idea of the cost of the home you want to purchase and what the possible deposit would be, then begin saving towards it. This is usually 10-15% of the purchase price of the property. Closing costs and other mortgage related expenses will also be required. Identify at least 10-15% of the purchase price of the home to cover these expenses as well.

2. Search

Look around for the home you desire and consider all the factors that may affect the purchase. These include the specific location, affordability, time horizon, security of the location, proximity to work, school and other facilities, and availability of transportation, to name a few.

3. Secure

You've saved up your deposit and identified the home you want.
You're now ready to take the next step.

The Mortgage Process

Pre-Qualification

During the pre-qualification stage, a VM Branch Representative will assess income-related documents to give the prospective home owner an idea of how much they are likely to be qualified for. To facilitate this process, the following are required:

- Last three months' pay slips
- Employment Letter
- A valid I.D
- Completed Income & Expenditure Form
- Credit Report

The Application

Once the prospective home owner has located the property of interest, they are required to provide the relevant personal and property related documents to facilitate a complete application for review.

Acceptance

When the loan requirements have been satisfied, the full application will be submitted to the Adjudication Team for a decision. If the decision is favourable, an Offer Letter will be prepared for execution and signifies an agreement with the loan offering and conditions applicable. The Commitment Letter will then be prepared and sent to the Vendor's Attorney.

Mortgage Registration

At this stage, the Society's attorney will be instructed to prepare the mortgage and will make contact with the prospective home owner to have the mortgage documents, including the Mortgage Deed, signed. Our attorney will request, from the vendor's lawyer, documents related to the transaction (i.e instrument of transfer, original copy of title). Once all documents are in hand, they will be sent to the Stamp offce and then the Titles offce for registration.

Disbursement

On completion of the aforementioned process, our attorneys will request disbursement of loan and the amount requested will be sent to the vendor's lawyer via electronic transfer. The borrower will then receive a letter from us informing of the disbursement of the loan.

Once the process has been completed, it's time to collect your key and move into your dream home!

Here's how Renting compares to Home Ownership.

	ADVANTAGE	DISADVANTAGE
RENTING	Ease of mobility Fewer responsibilities Lower initial costs	Few financial benefits in the form of tax deductions Restricted lifestyle, decorating, having pets and other activities Legal concerns No opportunity to have value of a home
BUYING	Tax savings Pride of ownership Potential economic gain Security and stability	Financial risks related to having down payment funds, obtaining a mortgage, fluctuating property values and mortgage caps Limited mobility if a home is difficult to sell Higher living costs due to repairs and maintenance

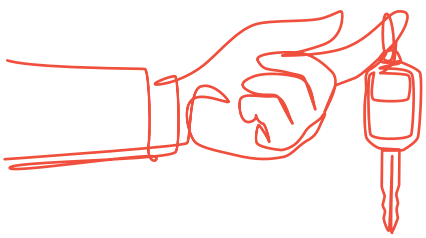
Buying a Car

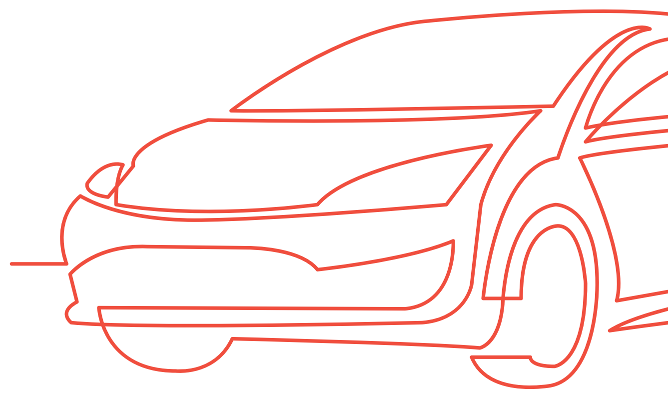
Buying a car is usually the first financial goal for those in the Career Development stage of the Financial Lifecycle. Before you get behind the wheel, be sure to identify the costs associated with buying, maintaining, insuring and operating a car, and make a monthly budget.

This will help you determine:

- how much you can afford to pay for a car
- the kind of car you should purchase (new, used, make, model, year etc.)
- the repayment period
- what your monthly car-related costs will be
- how your other goals will be affected

Shop around and compare the prices available at the various dealerships. Be sure to test drive the car in question to make sure it runs right. Check out the history of that car so you don't get caught by surprise with the need for new parts and general services.





Retirement

What does retirement look like for you? Do you dream of watching breathtaking sunrises with your morning coffee in hand? Or would you rather spend your days travelling to faraway places you always wanted to visit? Everyone has a different goal for their retirement years. While our retirement goals may all look different, we must all prepare for it.

Retirement means you are in the final stage of the Financial Lifecycle and have stopped working full time. This means you may no longer have a source of income. So how will you cover your expenses if you live, let's say, another 25 years after you retire?

1. Decide on the type of lifestyle you want to have

Like with any other goal, it's important to write down what your retirement needs will be. Take your time and carefully go over all the details.

2. Create a Retirement Budget

How much money will daily, weekly and monthly expenses add up to? Where will you be living? What will your expenses be? Will you have any additional income sources, such as rental income from property you own? Create a detailed budget, which will tell you your monthly savings in order to get to your target amount upon retiring.

3. Choose the right Saving Option

Align your retirement goal with your savings account. A long-term fixed deposit account which pays compound interest may be the ideal option.

4. Contribute to your employer's retirement savings plan

Take advantage of the retirement savings plan your employer offers by maximising your contributions.

5. Contribute to a self-employed retirement savings plan

If you are self-employed or if you are employed at an organisation that does not offer a retirement plan, you can still prepare for retirement with an individual retirement plan.

APPENDIX

Saving Products

Regular/ Primary Savings

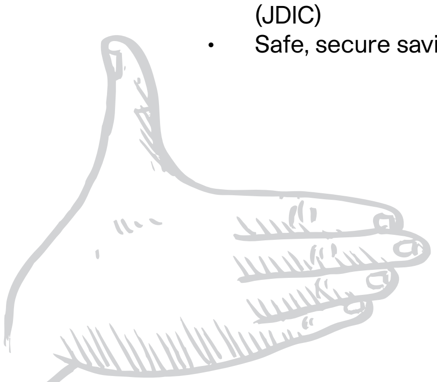
VM offers either a share or deposit saving option to Jamaican residents in local currency. Save at your leisure at chosen intervals with unlimited deposits and withdrawals.

- Minimum starting deposit of J$1,000
- No monthly deposit commitment
- Interest calculated daily and paid annually
- Savings secured by Jamaica Deposit Insurance Corporation (JDIC)
- Useful for persons with fluctuating income
- Facilitates savings towards short and medium-term goals
- May be used as collateral on loans
- Free debit card transactions using VM Express ABM Card
- Withdrawals may only be made in the currency saved
- Withholding Tax is deducted from this account except where there are noted exemptions.

VM iSave

Saving towards your goals is made easy with our VM iSave account, as we help you develop a consistent saving pattern. Thinking of furthering your education? Consider an iSave account instead of a high-interest loan to pursue your graduate studies. Whatever your specific goals are, they can be achieved in a set timeframe.

- Minimum monthly deposit is JMD$1,000.00, US$50, CDN$50 or UK£20
- Ability to choose your monthly deposit
- Above-average interest rates on savings
- Flexibility to save in your choice of JMD$, US$, CDN$ or UK£
- Consistent savings towards your short to medium term goals
- Savings secured by Jamaica Deposit Insurance Corporation (JDIC)
- Safe, secure saving in a solid institution



Appendix

VM iSave for Home

This twelve-month contractual savings account is the ideal option to save for the deposit on your home. Save consistently and access superior mortgage benefits!

- Minimum monthly deposit (J$5,000, US/CDN$100 and £75)
- Interest calculated daily
- Savings secured by Jamaica Deposit Insurance Corporation (JDIC)
- Ability to choose a monthly deposit that allows you to get to your goals faster
- Above-average interest rates on savings
- Facilitates consistent savings towards short to medium term goals
- Simplifies the process of working towards a goal with built-in discipline of a monthly deposit and automatic monthly withdrawals
- May be used as collateral on loans
- May be renewed at the end of the period

VM iGain Certificate of Deposit

This is a Certificate of Deposit (Fixed Deposit) account which provides highly competitive rates on lump sums.

- Choose your maturity period (30 days, 90 days, 180 days or 365 days)
- Minimum investment is J$10,000, US$1,000, CDN$1,000 or £1,000
- Highly competitive interest rates on J$, US$, CDN$ or UK£
- Flexibility to save in the currency of choice
- Interest paid at maturity
- Flexibility to periodically add to your deposit
- Savings are secured by JDIC

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Appendix

VM Money Maker

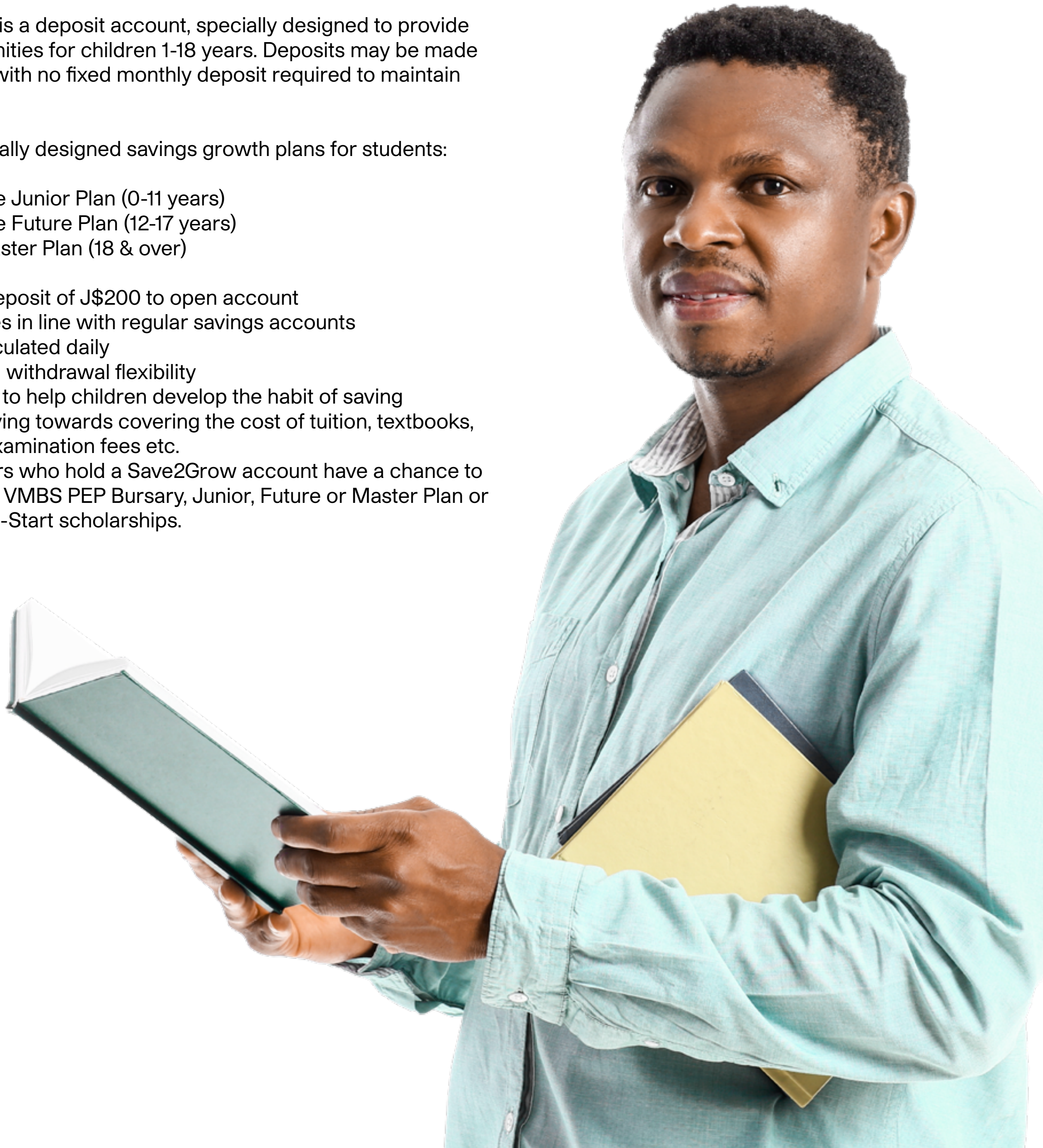
A long term tax advantaged Jamaican dollar savings account, the VM Money Maker pays tax-free interest on lump sums held for a minimum of 5 years.

- Minimum deposit of J$25,000
- Maximum deposit up to J$1 million each year
- Interest calculated daily to maximise earnings
- Access up to 75% of the interest earned on a quarterly basis
- Withdrawals allowed to assist with short term needs

VM Save2Grow

The VM Save2Grow is a deposit account, specially designed to provide scholarship opportunities for children 1-18 years. Deposits may be made at chosen intervals, with no fixed monthly deposit required to maintain the account.

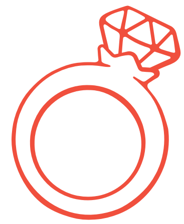
- Three specially designed savings growth plans for students:
    - The Junior Plan (0-11 years)
    - The Future Plan (12-17 years)
    - Master Plan (18 & over)
- Minimum deposit of J$200 to open account
- Interest rates in line with regular savings accounts
- Interest calculated daily
- Deposit and withdrawal flexibility
- Perfect tool to help children develop the habit of saving
- Ideal for saving towards covering the cost of tuition, textbooks, uniforms, examination fees etc.
- Young savers who hold a Save2Grow account have a chance to qualify for a VMBS PEP Bursary, Junior, Future or Master Plan or STEM Head-Start scholarships.



Appendix

Bridal Registry Account

The Bridal Registry account facilitates the deposit of cash gifts from wedding guests. Establish your financial future as a couple, or recoup some of your wedding expenses! The account is operated as a joint savings account and attracts interest rates offered at the time of opening.



- Open with a minimum deposit of J$1,000
- Available in J$, UK£, US$ or CDN$
- Guests can purchase a VMBS Gift Certificate valued at any amount
- Deposits may be made at any VMBS location islandwide
- Great alternative to bridal registry gift options

VM Wealth Management Unit Trust

This is a collective investment scheme. Funds are pooled and invested in assets such as stocks, bonds, real estate and money market instruments.

- Minimum investment is J$10,000
- A diverse range of financial assets
- High liquidity giving you easy access to your money when you want or need it
- Potentially higher returns compared to Repo Investments and Deposit Accounts
- An increase in the unit price resulting in a high potential for capital gains
- Simple to understand with easy tracking of your returns
- An experienced team of Professional Fund Managers will provide expert management of the Unit Trust Portfolios

Appendix

VM Wealth Management Bond trading

VM Wealth Management Bond Trading is a medium to long-term investment instrument designed to provide clients with steady income stream over the medium to long term.

- J$ or US$
- Minimum opening balance of US$10,000
- Local & international bonds
- Corporate bonds
- Sovereign bonds
- Potential capital gains
- A steady income stream
- Solid recommendations
- Returns above regular money market interest rates
- Opportunity to save for medium to long-term purchases

VM Pensions Management Approved Retirement Scheme

The VM Pensions Approved Retirement Scheme (ARS) is a personalised pension plan that provides eligible Jamaicans with a tax-free way of saving for retirement. Self-employed persons, professionals and contract workers can benefit from the most tax efficient vehicle to save for retirement.

- Tax-deductible contributions
- Higher contributions of up to 20% of annual income per year
- All investment gains are tax-free with no time limit
- A simpler and more cost effective structure
- No implementation time to set up as the enrollment process is immediate
- No legal and regulatory reporting requirements
- A more flexible arrangement as it allows the employer the ability to commence, cease, increase, decrease his contribution level based on economic circumstances
- Contributions from the employer are not mandatory

Understanding My Money Personality

Understanding how you make decisions will help you to understand your money personality. Which of the following best describes you?

Spontaneous:
Choosing the first option that comes to mind; giving little or no consideration to the consequences of the choice.

Compliance:
Going along with family, school, work, or peer expectations.

Procrastination:
Postponing thought and action until options are limited.

Agonizing:
Accumulating so much information that analyzing the options becomes overwhelming.

Intention:
Choosing an option that will be both intellectually and emotionally satisfying.

Desire:
Choosing the option that might achieve the best result, regardless of the risk involved.

Avoidance:
Choosing the option that is most likely to avoid the worst possible result.

Security:
Choosing the option that will bring some success, offend the fewest people, and pose the least risk.

Synthesis:
Choosing the option that has a good chance to succeed and which you like the best.

Source: www.practicalmoneyskills.com

NOTES

VM GROUP

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