

TERTIARY
STUDENTS'
WORKBOOK

Celebrate

when you achieve
your goals!

A Guide for Tertiary Students



Fete.
Financial Education
to Empower



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. We encourage you to take advantage of this awesome opportunity to get the inside info on preparing for life – from textbooks and tuition to rest and relaxation in your Retirement years.

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?

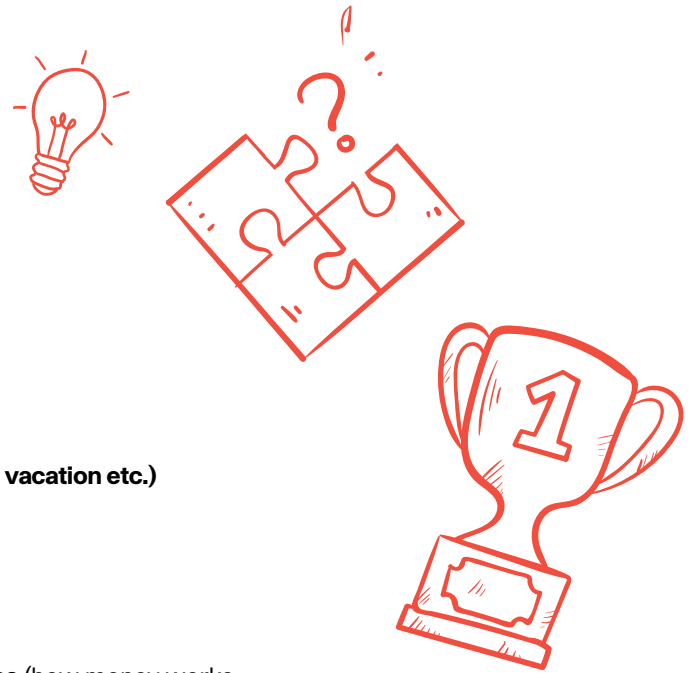
2. How do I view money? (See appendix for 'understanding my money personality')

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/Ambassador** anything you are unclear about. Well done! We'll return to your #currentsituation when we develop your Personal Goal Plan later in the workbook. **For now, let's go FETE!**





Part 1

Key Financial Principles



THE IMPORTANCE OF SAVING

Do you dream of being able to afford your tuition, or repay your student loan with ease? How about ditching public transportation for a brand new car? And wouldn't it be nice to eat something other than cup noodles for dinner? We feel you. So...wanna do something about it, or are you comfy in cup noodle purgatory?

We know - you're young and looking ahead towards a bright future, so saving for your goals may not be a priority right now. But while you juggle mid-terms and finding good second-hand textbooks, it's important to save for all the exciting life events that you dream of.

Making the decision to save today is one of the most important ones you'll ever make to protect your future. Saving today paves the way for comfortable repayment of your student loan, home ownership, your children's education, a secure family life, a comfortable retirement, and your other goals as you strive for future happiness and success.

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, like textbooks, a new bed for your off-campus flat, a car or a house
- ▶ 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 you're probably not earning and you're just a student. 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

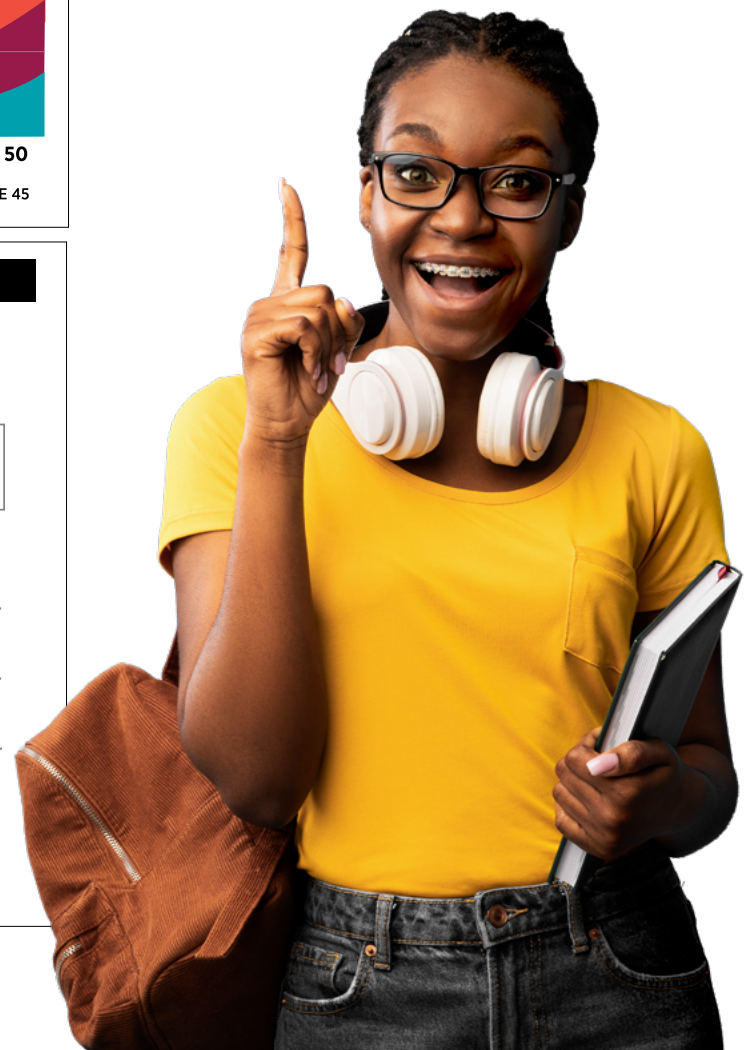
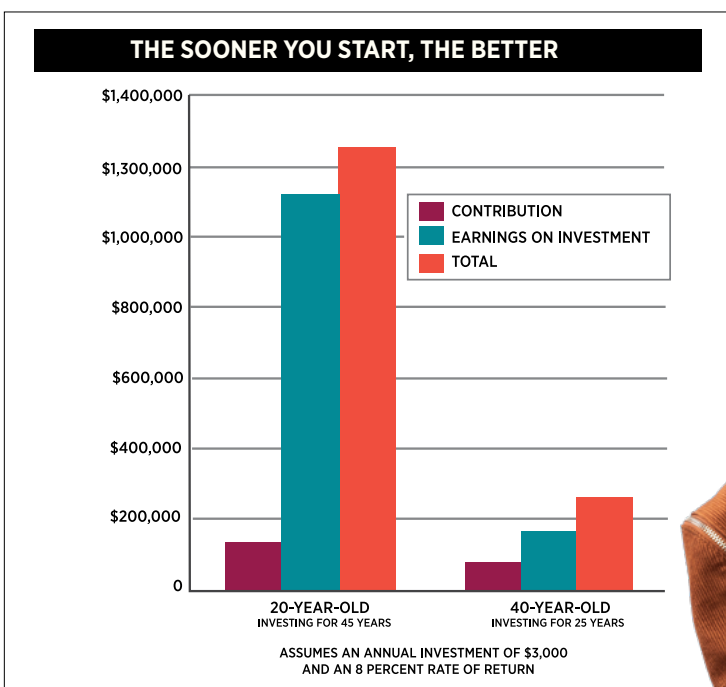
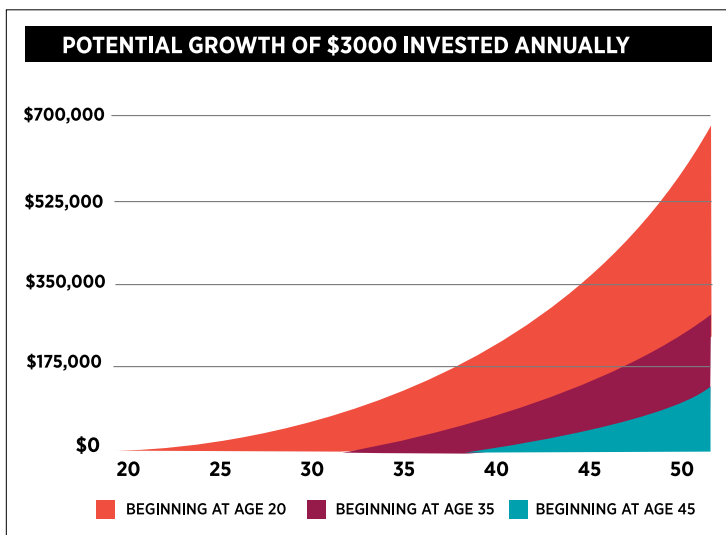
The most effective way to plant the seeds for your financial security is by saving early and consistently. Don't get caught up with how much you save. Just commit to putting something aside on a set time table and allow your money to grow over time.

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?

As a young person, you're in the ideal position to maximise the benefits of Compound Interest. 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.





Saving as a Student

By now you would have realised that saving is a pretty cool and clever idea with numerous benefits. Hopefully you are thinking of how you can save, especially if you're not really earning. We've got you! You've probably thought about getting a part-time job. Here are some other ways you can get some extra cash, spend less and have more to save.



1. Sell your class notes

Do you take clear and copious notes? Why not cash in on that? Peel your eyes for fellow students, underclassmen included, who may want to do better in a course and think your awesome notes will help. Set your price and collect some extra cash!

2. Offer tutoring services

Is there a subject or two that you're acing? There's probably someone in your programme, or a year behind you, who's struggling with that same thing. Do you hear the sweet sound of opportunity?

3. Take advantage of student discounts

There are stores that offer student discounts with ID. You're a student, aren't you? We suggest you take advantage of this to minimise your spending and maximise on your saving.

4. DIY

With so many video tutorials, YouTube may be considered a university. Rather than pay for something simple, like minor clothes or shoe repairs, look it up on YouTube and get doing. You'll achieve your task and feel good.

5. Have a 'piggy bank'

It might seem juvenile, but in our minds, a piggy bank has no age limit. Having one in your room to fill up with the coins you get from purchases can accumulate to something later. It will come in handy on those days when you're just not in the mood for cup noodles.

6. Turn hobbies into cash

Are you a whiz with a camera? Can you do braids like nobody's business? You're sitting on potential earnings. Get hired to take pics at campus events, or be the go-to girl for braids that are lit.

7. Use free wifi

Most of the people you know are likely to have smart phones. Take advantage of free WiFi, which is easily accessible in most places, to chat with them and browse the web. Budget a fixed amount for phone credit every month and be disciplined – once it runs out, wait until the following month to add more.

8. Avoid additional banking fees

What are the fees that your financial institution charges? Are you paying each time you use the ATM? Take some time and find out about any banking charges, as these really add up over time.

9. Maximise on scholarship programmes

Various corporate entities, including VM, as well as government agencies, offer scholarships and grants to ease the financial burden which students face as they pursue their tertiary studies.

10. Eliminate unnecessary spending

Do you really need the latest Smart Phone or gadget? And ladies, do you need to get your hair 'did' every weekend? Saving requires discipline. Be willing to sacrifice some of the pleasures of today, like eating out every Saturday, for future benefits, like the European vacation, or that new car.



Identify if something is a 'need', where you can't survive without it, or a 'want', which makes life more pleasurable but isn't necessary.

NEED	WANT
<p>(CAN'T SURVIVE WITHOUT IT)</p> <p>Food</p> <p>Clothes</p> <p>Shelter/House</p>	<p>(WILL MAKE LIFE MORE COMFORTABLE BUT DON'T NEED IT TO SURVIVE)</p> <p>Ice Cream</p> <p>Designer brand</p> <p>A smart house on the beach</p>





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	\$2.797M
15% interest rate indicative	
<small>(i.e. rate is not fixed and may fluctuate, going higher or lower)</small>	
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



Extra Credit?

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. Does a 'D' sound like something you want to see on your report card? We're sure it's not. Neither do you want a bad credit rating nor history, as this can affect your ability to get loans in the future.

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



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: _____



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	<ul style="list-style-type: none"> • 1 year • Short-term 	To buy a bed within 1 year, which costs \$150,000, I will save \$12,500 per month in a VM iSave Account.
Start my MBA	<ul style="list-style-type: none"> • 4 Years • Medium-term 	To start my MBA within 4 years, which costs \$1.8 million, I will save \$38,000 per month in a VM iSave Account.
Save for my House	<ul style="list-style-type: none"> • 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.



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 your first piece of 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.

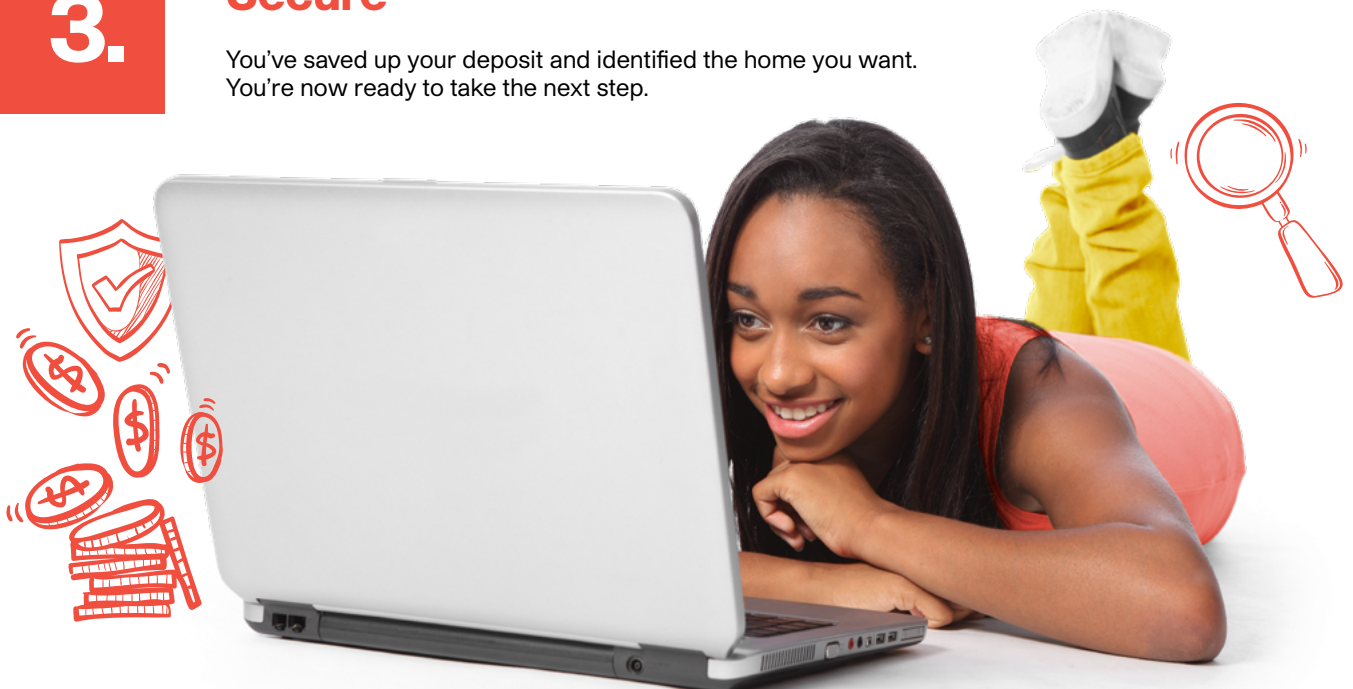
Search

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 office and then the Titles office 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	<ul style="list-style-type: none">Ease of mobilityFewer responsibilitiesLower initial costs	<ul style="list-style-type: none">Few financial benefits in the form of tax deductionsRestricted lifestyle, decorating, having pets and other activitiesLegal concernsNo opportunity to have value of a home
BUYING	<ul style="list-style-type: none">Tax savingsPride of ownershipPotential economic gainSecurity and stability	<ul style="list-style-type: none">Financial risks related to having down payment funds, obtaining a mortgage, fluctuating property values and mortgage capsLimited mobility if a home is difficult to sellHigher living costs due to repairs and maintenance



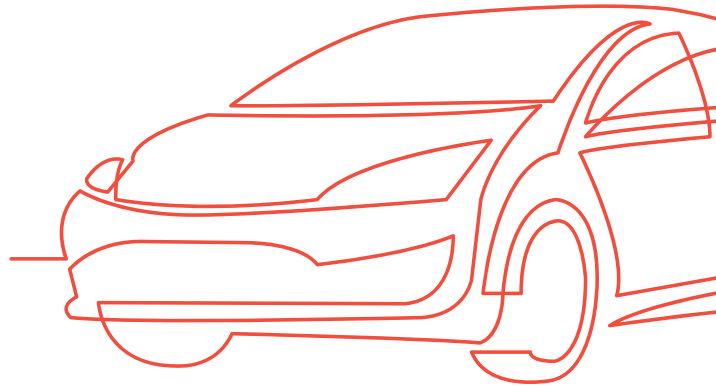
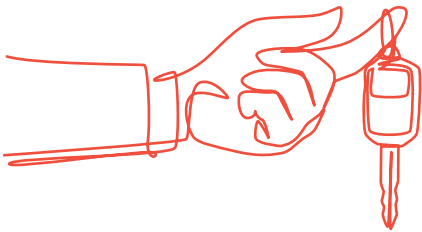
Buying a Car

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

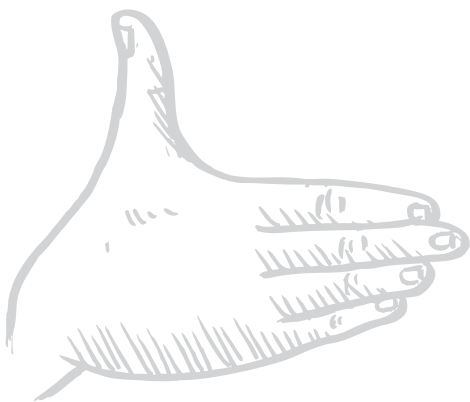
VM offers either a share or deposit saving option to Jamaican residents in local currency. Save at your leisure at chosen intervals with unlimited deposits and withdrawals.

- 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





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.

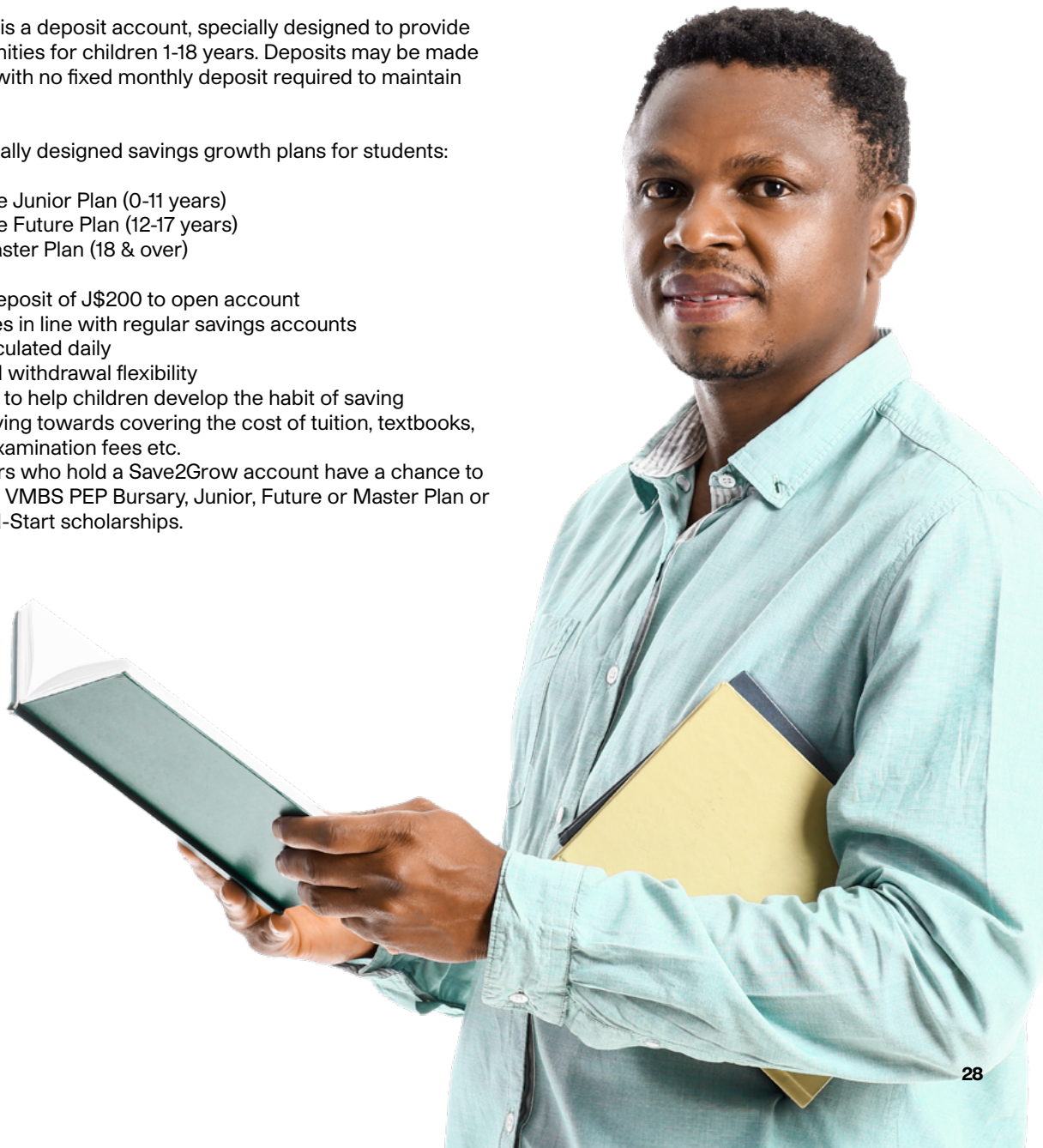
- Minimum deposit of J\$25,000
- Maximum deposit up to J\$1 million each year
- Interest calculated daily to maximise earnings
- Access up to 75% of the interest earned on a quarterly basis
- Withdrawals allowed to assist with short term needs



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.



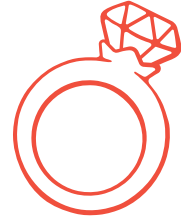


Appendix

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



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**VM Pensions
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**VM Money
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