



*Budget Assignment*

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# HOUSING

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# HOUSING SUMMARY

The decision to buy a home is a big one. You must have enough money to buy the home and maintain it. You should also know exactly where you want to live. If you think the house itself costs a fortune, wait till you see the costs associated with it. The legal fees, renovation costs, furniture prices and utility prices alone will eat up most of your salary.

Through researching and realizing the realities of owning property, I have decided that I would like to live in a condominium unit in the future. Not only are amenities and facilities such as pools, party rooms and fitness rooms readily available but I would avoid fees such as snow and lawn care, outside/ outdoor maintenance, sanitation and trash removal, water and sewage, and hazard insurance which covers the building structure and exterior.

Secondly, since I am planning to live in the Greater Toronto Area in the future, condos are the home of choice for many urban dwellers, and the good units are always in high demand. As a result, I will have no trouble selling my home when I decide to do so. Since having a family right away is not really ideal for me, I would love to minimize the time spent on yard work and other maintenance. Just this fact alone could have me overlook to hefty condo maintenance fees that I have to pay monthly (around \$200 to \$500 a month)

The condominium I found on MLS is located near the waterfront and has stunning views; this apartment is on sale for about \$283 000. With a monthly maintenance fee of about \$310, I get amazing facilities such as a pool, a gym and a spa. For the mortgage on the house, I chose to go with ING Direct because of its lower rates; I will be making monthly payments of about \$1800 towards my new home.



# INCOME SOURCE

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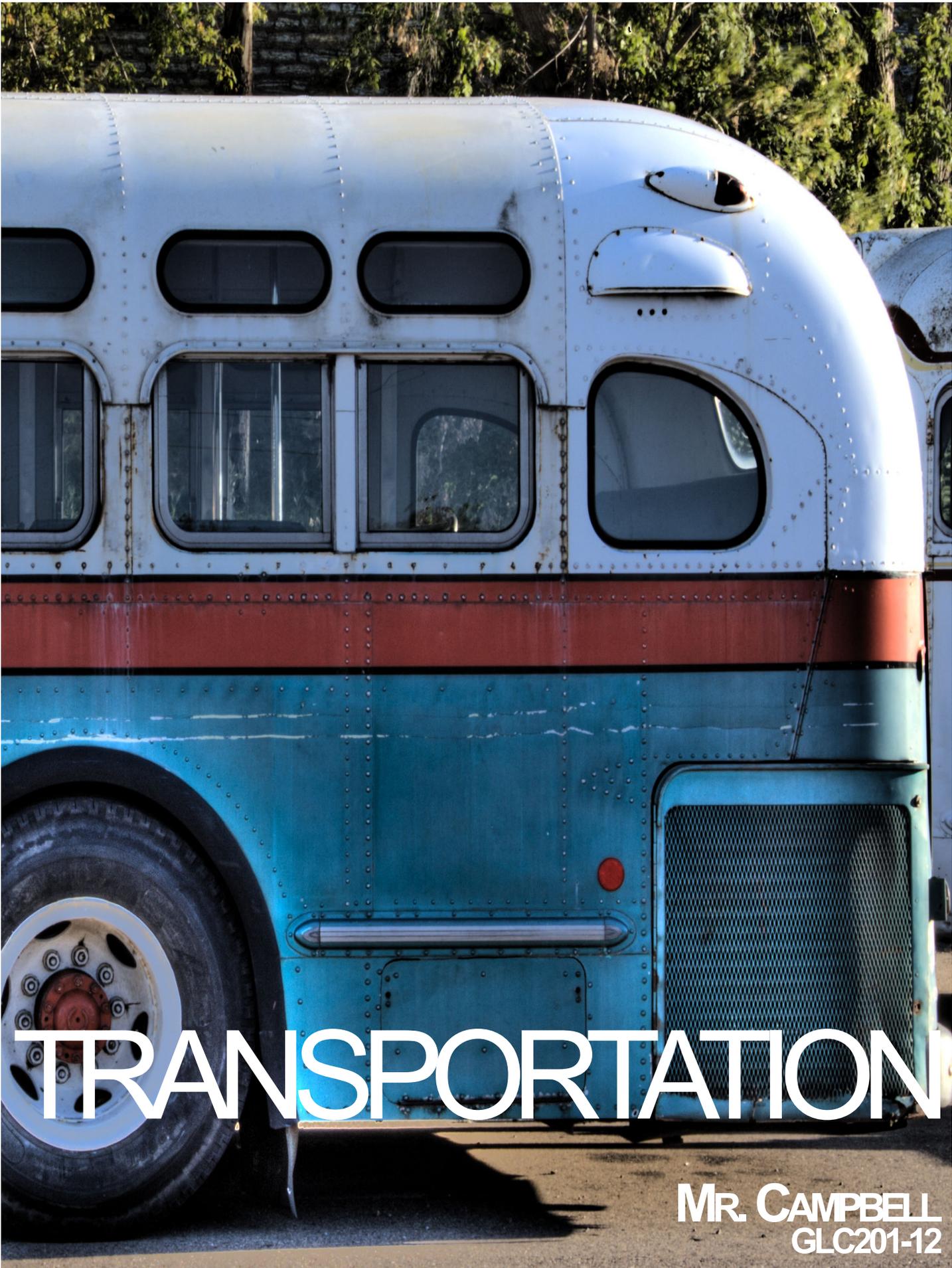
# INCOME SOURCE SUMMARY

The job of an actuary is the job I have always dreamed of having. The job "actuary" has been rated the second best job in the United States according to the Jobs Rated Almanac. The popular reference book lists the actuarial profession above other highly regarded careers such as accountant or attorney. Only "biologist" rated higher.

Actuaries are professionals who are responsible for providing expert advice and solutions for businesses that involve financial risk. For example, an actuary working for an insurance company might calculate how much a company would charge for a new type of car, homeowners, or health insurance.

An actuary could work in finance, market, and manufacturing or in developing new products. They have diverse and interesting roles within their organizations including product development, pricing, financial advising etc.

Upon conducting research regarding the salary offered in this field, I found out that the employment of actuaries is expected to grow as fast as the average for all occupations through 2012! Furthermore, because actuarial skills are increasingly seen as useful to other industries that deal with risk, such as airline and the banking industries, additional job openings may be created in the industries. I can rest assured that a shortage of jobs in this field will not be present in the near future. The starting salary of an actuary that graduates university is about \$60 000- not an unsatisfactory amount at all! After 5 years on the job, average salaries are around \$75 000, while salaries reach over \$100 000 mark after 10 years of work experience as an actuary. Hopefully, this sumptuous salary will be enough for me to sustain my desired lifestyle.



# TRANSPORTATION

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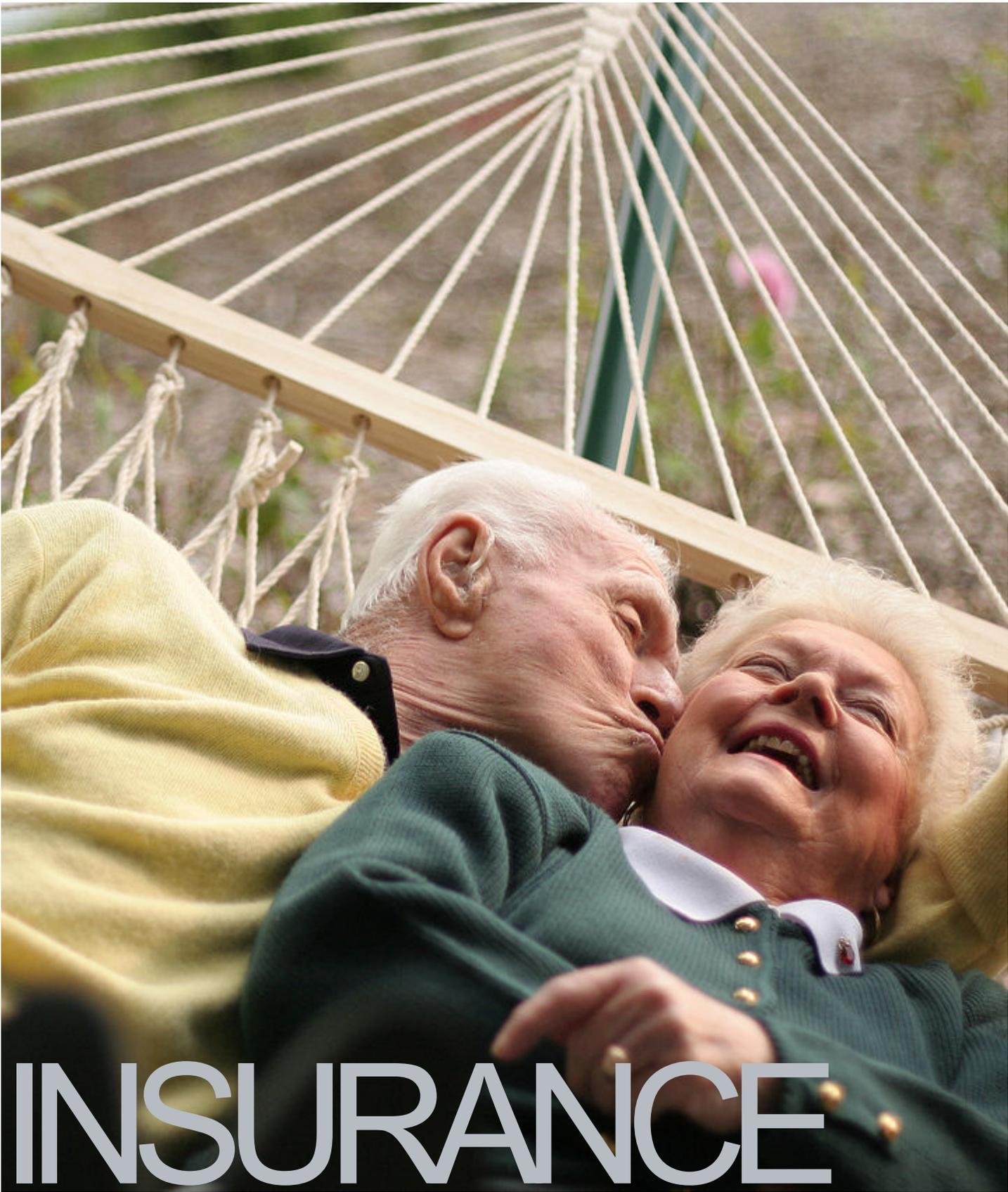
# TRANSPORTATION SUMMARY

I generally do not support the use of gas-guzzling vehicles such as SUVs and do not wish to own my own a vehicle for that matter. However, when your job requires long commutes to work everyday, it is extremely difficult to travel via public transit as it would take literally hours; sometimes, owning a private vehicle is your only choice.

For the sake of the environment and the sake of saving on the (preposterous) costs of gas, I would choose to invest in a hybrid. In any case, my vehicle of choice would be the Toyota Prius. Although the price of this car (around \$36 000) is significantly higher than Toyota's other cars, I feel this is a good investment to make as I would save on gas costs in the long run. But saving gasoline also has the side benefit of preventing global warming emissions – roughly 15 tons of CO<sub>2</sub> are released into our atmosphere over a decade, plus lots of particulates and smog-forming compounds. Those benefits are not included in the market price of the vehicles – but if they were, they'd make the *Prius* an even better buy.

On the topic of actually purchasing my vehicle, I would choose a lease take-over provided by companies like *LeaseBusters*, *TakeMyPayments* and *LeaseTrader*. The benefits of a lease take-over are plenty and apparent. I am able to avoid paying the initial upfront fees associated with a new lease which range from 1 - 3 thousand dollars and get great deals at the same time. In addition, I can take advantage of a great lease for a short period of time on a newer model vehicle as well as being able to search for a vehicle nationwide.

Having done the research, I chose to go with LeaseTrader for a lease take-over for the Toyota *Prius*. Excluding car insurance, I would be paying approximately \$580 a month for the remaining 47 months on the lease.



# INSURANCE

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# INSURANCE SUMMARY

You never know what happens. A car accident, a plane crash, a fatal disease... all these situations could leave my family in a very unfavourable situation. If I were to die, could my family or dependants pay for my funeral, organize all the financial affairs, service pre-existing debt and continue their current standard of living without me? If I were to be seriously injured, could I afford my hospital costs, ongoing treatment, time off work, pay the living costs for me and my family until I am fully recovered, if I am fully recovered that is. If I were to be in a car accident with another cars and it was determined that the accident was my fault, could I waltz into a car dealership and buy myself a new car, pay for repair or replacement of the other car and pay for the medical bills of the other driver and their passengers? Therefore, it is always wise to plan ahead and invest in the various types of insurance that are made available.

Liability refers to a legal responsibility. Liability insurance protects me from having to pay damages to people, like unintentionally injuring them or damaging their property. If someone injures him or herself on the property I occupy, I may be responsible for the consequences. For example, if someone slips on my front steps, breaks his/her leg, and cannot go to work, I could be held responsible for the person's lost wages. The beauty of liability insurance is that it protects me anywhere I go. Say for example, if my golf club is sent accidentally into the air on a Florida golf course, strikes and injures another player. Liability insurance would cover this unfortunate accident.

In the future, I would definitely invest in life insurance, auto insurance, property insurance etc. as soon as I receive my first paycheque. For property insurance, I chose to go with RBC Insurance for an annual premium of \$231, which provided fair coverage; for my term insurance, critical illness insurance and auto insurance, I also picked RBC over other institutions since I found their prices were most fair. Furthermore, acquiring all my insurance from one place got me even better deals. For only a couple thousand dollars a year, I can get the assurance that my family, my assets and my property will be protected in the case of an accident.

# FOOD

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# FOOD SUMMARY

A balanced diet is very important for maintaining good health and high energy levels; I will need both in dealing with the stress found in my fast paced life. A nutritious diet is the foundation of healthy growth and development. A healthy diet is also proven to reduce the risks of having type 2 diabetes, heart disease, cancer, osteoporosis and bowel diseases. To ensure that I will be able to eat healthily and regularly, I have researched the different kinds of foods that I will need to eat in the future and their costs.

According to Public Health sector of Toronto, a male between the ages of 25 and 49 will spend about \$41 on groceries per week, meaning approximately \$270 will be spent on just groceries per month. I would also like to add about \$150 - \$200 spent on food monthly since I am most likely going to restaurants a few times per month. Since many of my meals will be spent at fast food joints due to their convenience and proximity to my workplace, I would have to be extra health conscience when shopping for groceries. I would most likely pick organic foods because of their freshness and lack of chemicals and pesticides. Nourishment for the body is extremely important; organic healthy foods should be chosen instead of junk food. Healthy foods are essential to making sure your organs function in the best way possible. However, this would mean that I would be paying more for my fruits and vegetables. The costs of foods may seem trivial at first, but soon you will realize that they snowball and will eventually eat up a lot of your budget.

# PERSONAL CARE

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# PERSONAL CARE SUMMARY

Personal care involves the maintaining and the upkeep of me physically and psychologically. However, these two factors are interdependent and affect one another. I will need to know how to deal with stress since stress is a primary contributor to diseases. Some people look to activities to lower stress levels such as yoga, meditation, hobby classes or simply going to the gym. However, all of these activities will require money. Private and semiprivate stress-alleviating classes such as yoga cost around \$300 a month, while gym memberships can range from \$15 to \$150 a month.

Furthermore, I would purchase at the very least a face wash set, shampoo, conditioner, soap and some articles of clothing to care for my personal hygiene. Plagued with psoriasis, I have had dry skin all my life and had to frequent the dermatologist as a child. Therefore, I would have no problems splurging on skin products such as creams, shampoos and conditioners, spending around \$100-\$200 on those products monthly.

As an actuary, I will be working with a lot of clients in the future. As a result, I will be representing the company for which I work and must be groomed and well kept. I plan to purchase about \$600 - \$700 dollars in clothing per month and have a haircut for about \$75 every 2 months. Since "looking good" and having a good image is very important to me, it would not hurt for me to get one or two Botox injections once in a while. These injections are administered by dermatologists or cosmetic surgeons and generally cost \$450 for each vial and \$200 - \$300 to be administered.

An aerial photograph of two people swimming in clear, turquoise water. The water is bright and rippled, with sunlight reflecting off the surface. The two swimmers are positioned in the lower right quadrant of the frame, moving towards the right. The overall scene is serene and summery.

# ENTERTAINMENT

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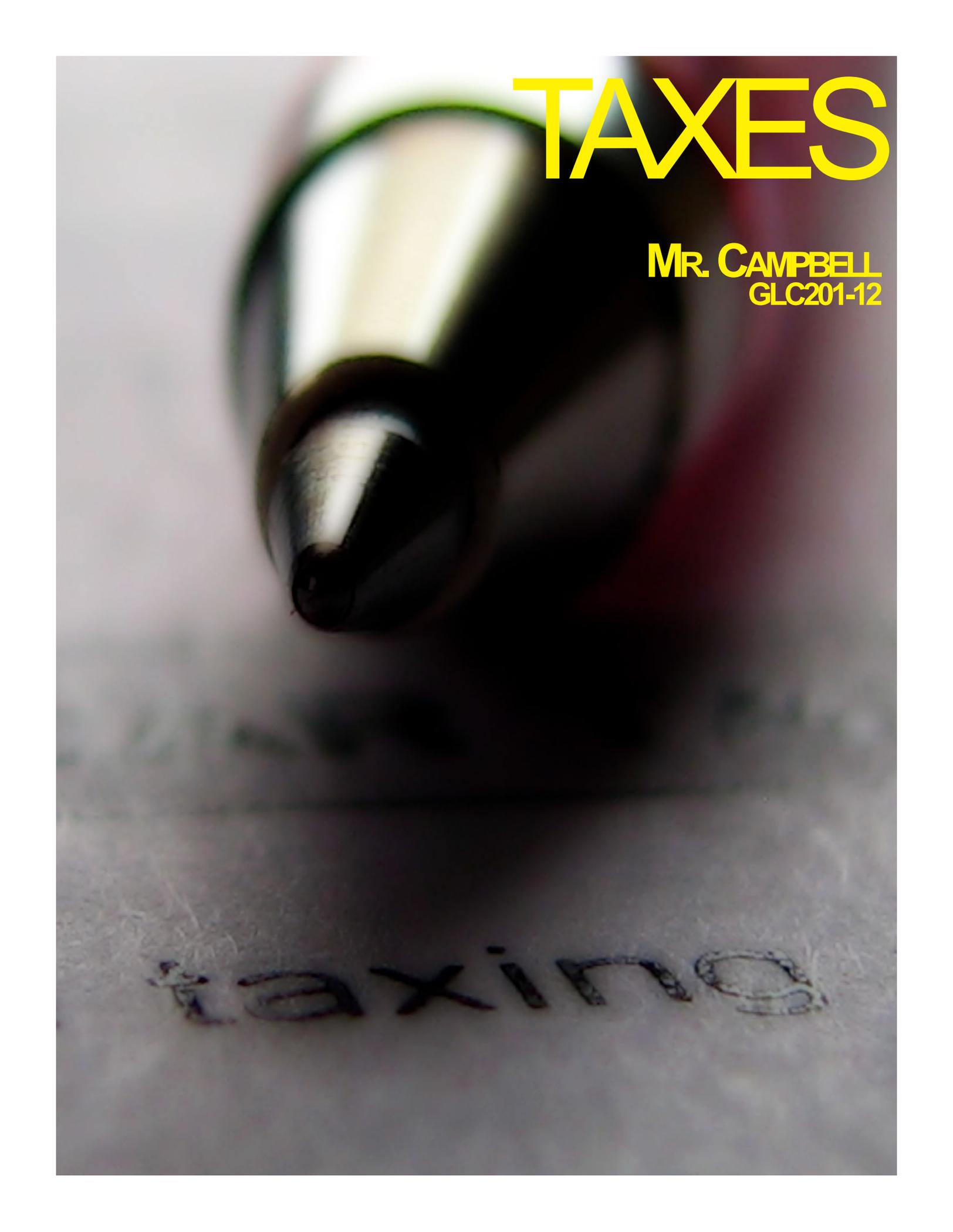
# ENTERTAINMENT SUMMARY

"All work and no play makes Jack a dull boy." From trips to the Dominican Republic to that pricy camera I have been eyeing, it is sometimes necessary to splurge on one or two things to make ourselves happy and to reward ourselves; indulging in something just for me can really lift my spirits if I am feeling down. But all these indulgences come with big price tags.

An essential that I would like to have in my home would be a flat screen television which can cost anywhere from \$1500 - \$2000. There is nothing like coming home from work tired, falling down onto your couch and do nothing but enjoy your favourite show for an hour.

Something that also means a lot to me is music. I need music in my home, I need music in my car and I need music virtually everywhere I go. Therefore, it would be wise for me to invest in a portable music device such as an iPod. Whether I am jogging in the park or cruising around town in my car, my music will then be with me everywhere I go. A portable music device with a lot of storage, such as the iPod will usually cost around \$400. But on top of these few hundred dollars, I also have to account for the music load onto the device.

During the long and dreary winters in Canada, it would be amazing to be able to get away from the horrid snow for a couple of weeks and sunbathe in a private island in the Bahamas. Of course, we all know how to dream. But this dream can be realized if I plan well and put away some money every month in saving up for my annual or even a semi-annual get-away.



# TAXES

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taxing

# TAXES SUMMARY

Income taxes on individuals have been imposed by both the Canadian provincial and federal government, and these are the most significant sources of revenue the government accounting for over 40% of tax revenue. The federal government rakes in the majority of income taxes with the provinces charging a somewhat lower percentage. In general, income taxes throughout Canada are highly progressive with the high income residents paying a significantly higher percentage than the low income residents; this harsh reality will affect me greatly in the future.

Before completing this activity, I had absolutely no idea about the amount of money that would be deducted from my paycheck for taxes. I was horridly surprised upon finding out that nearly one third of my salary would be going to the government! Since my job entails a \$100 000 annual salary, it would mean that almost \$30 000 is going towards taxes. Additionally, any bonuses that I will receive for my hard work will be taxed at 43%, a preposterous amount!

However, I do realize that universal health care, education etc. come with a price. I am fairly satisfied with all the services that the government provides for us and therefore will pay the taxes willingly. I am also considering the possibility to move to another province (Ontario has the highest tax rate) or even another country where income taxes are not so high.

# SAVINGS

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# SAVINGS SUMMARY

Saving is most definitely an important step on the way to financial well-being, both in the short term and in the long term. In the short term, it gives you the leverage you will need in the event of an unforeseen emergency where large and urgent expenses are needed. In the long term, a consistent pattern of saving can enable you to accomplish your financial goals, such as financing a college education, a purchasing a vehicle or home, or even prepare for a retirement.

A RRSP or a Registered Retirement Savings Plan is an account that provides tax benefits for saving for retirement in Canada. Not only are there tax deductible contributions, growth is also sheltered from tax as well. During this portion of the research, I began thinking about and evaluating the RRSPs that the different financial institutions were offering and settled with choosing Scotia Bank. I felt that Scotia Bank gave me the most freedom over my money in terms of annual limits and contributions to my savings. Using the calculator provided on the Scotia Bank website, I was told that I needed to save approximately \$1.6 million dollars from the age of 25 until my retirement in order to establish a \$32 000 annual income for myself when I retire or turn 65; every year I would be contributing \$2 400 in RRSPs towards my \$1.5 million in retirement savings.

Realizing the importance of saving, I will also use payroll deductions where I will have my employer deposit my savings directly from my paycheck into a credit union or savings account. If I never see it, I might not miss it, right?

# LOANS

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# LOANS SUMMARY

Before I even begin work, I will be knee high in debt. Since my dream university is New York University, a private institution, I will be facing tuitions that I will not be able to afford. According to the Office of Financial Aid of NYU, the average costs of attending NYU for a student living on-campus including tuition and fees, room and board, books and supplies, transportation, and personal expenses is around \$50 000. Just the undergraduate years would leave me in \$200 000 in debt! Taking advantage of the CitiAssist Global International Loan available for international students attended the undergraduate program at NYU, I would be able to loan approximately \$20 000 maximum at an interest rate of 10.25%. Using a student loan calculator, I figured out that I will be able to pay off my student loans in 87 months (approximately 7 years) with monthly payments of \$1897.

Other loans I expect to take are credit card loans. Through this project, I learned about the various types of credit cards out there including unsecured, Platinum and Gold cards, unsecured, standard and classic credit cards, and secured credit cards. To qualify for a platinum or gold card, one must have superior credit rating; the benefits of these cards are the high credit limits. Standard credit cards, unlike the Gold and Platinum cards, have higher interest rates and have credit lines usually not exceeding \$2000. Finally Secured credit cards are cards given to those who have poor credit history or no credit history; the interest rate is usually the highest out of the three types of cards and users are often required to leave a deposit to guarantee payment. In the future, I wish to own one or two Standard credit cards; I am generally not in favour with using credit cards since they usually lead to overspending. However, they are extremely convenient. I do not think I will need a Gold or Platinum card when I land my first job as I will not be spending more than \$100 000 using a credit card on any of my purchases. With astronomical numbers as interest rates, I must keep in mind that credit card loans should be paid off immediately to avoid the snowballing of loans.

A photograph of three young children with colorful body paint on their faces and a small golden retriever puppy being held by one of the children. The children are smiling and looking towards the camera. The puppy is looking down and to the left.

# GIFTS & DONATIONS

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# GIFTS & DONATIONS SUMMARY

I feel strongly about many global issues but among all of them, the two I feel most strongly about is the alleviation of poverty especially in children in developing countries and in maintaining a sustainable environment.

World Vision, founded in the United States in 1950, is an international Christian relief and development organization whose goal is "working for the well being of all people, especially children." Working on six continents, World Vision is one of the largest Christian relief and development organizations in the world with a \$2.6 billion budget. World Vision aims to contribute to people's needs in five major areas; emergency relief, education, health care, economic development, and promotion of justice. World Vision activities include transformational development, emergency relief, strategic initiatives, public awareness campaigns and promoting Christianity. The program I am most interested in is the child sponsorship program. With just a small donation of about \$30 a month, I am able to help a child in need, providing him or her with the basic necessities of life. Best of all, by becoming a monthly donor, I will have the satisfaction of knowing that you are helping to secure a better future for someone on earth.

Not to be confused with the World Wrestling Federation, the WWF is actually the World Wildlife Fund for Nature. It is the world's largest independent conservation organization with over 5 million supporters worldwide, working in more than 90 countries, supporting 15,000 conservation and environmental projects around the world. It is a charity, with approximately 90% of its funding coming from voluntary donations by private individuals and businesses. With thousands of species becoming endangered annually, I truly believe that something has to be done to stop this catastrophe. With only \$30 a month, I am supporting ecologists, scientists and activists in raising awareness about the importance of environmentalism and in creating sustainability within the fragile ecosystems in our world today.