

Budget Planning Report



Student's name

Earl Haig Secondary School

Student Services Department

GLC 201 – 05

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Income Source



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INCOME SOURCE SUMMARY

Student's name – May 11, 2008

Since I am a very extroverted person, I have always wanted a job in which I could have contact with people on day to day basics. However, on the other hand, I wanted to have a job in which I could help the society. The job, optometrist, satisfies both these needs. Not only do optometrists get to talk and see new patients everyday, but they also have the ability to help both young and old see better. Therefore, being an optometrist can provide not only me but others with a very rewarding experience.

Optometrists mainly perform four main duties. They examine eyes by doing various tests, prescribe and fit eyeglasses and contact lenses, prescribe treatment to improve one's vision and ocular disorders, and lastly, refer patients to ophthalmologists and other physicians when ocular diseases are found.

Salaries for optometrists range from \$50 000 to \$150 000 a year. The national salary average for optometrists are between \$70 000 to \$90 000 a year. At the age of 27, working at a private firm full time at Toronto, with 2 years of experience, an average person would make \$87, 693 a year with a bonus of \$4659 and a commission of \$5747. From all this research, I have concluded that my annual salary will be around \$85 000. If we compare the annual average employment income of an optometrist to other jobs, optometrists make almost twice the amount compared to all other occupations.

The employment prospects for optometrists in the coming years are good. Demand for this profession is expected to grow as older optometrists are near retirement, creating more opportunities for younger optometrists to work. Also, the increase in the human population will create more and more people to be in need of vision care. Therefore I can be certain that as an optometrist, there will be many job opportunities for me to grab in the near future.

Housing



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HOUSING SUMMARY

Student's name – May 11, 2008

After constant research and looking on mls.ca, I finally found a nice apartment located in Etobicoke. I chose to live in a smaller city like Etobicoke compared to a larger city like Toronto because of the pricing of the property. In smaller cities like Etobicoke, you could afford bigger houses for a cheaper price because of the supply and demand in properties.

I chose to live in an apartment rather than a house because not only am I able to enjoy the different amenities like the pool, exercise center, billiards room, outdoor terrace, party rooms, guest suites and tennis courts, but I do not have to worry about costs on water and sewer and waste removal. I also do not have to spend time and money on lawn and snow care.

The apartment I found was on sale for \$227, 900. My apartment consists of two bedrooms, 2 bathrooms, a living room, a dining room and a kitchen. It runs on both electricity and natural gas. The apartment is minutes away from Pearson International Airport, major highways, schools and the transit. The monthly maintenance fee cost \$360.

I will be spending around \$68 on electrical fees and \$12 on natural gas monthly. I decided to go with Bell for cable and phone services because of its cheaper price and better features. I will be spending around \$30 on phone services, \$23 on internet services and \$37 on television cable. Therefore, in total, I will be spending \$90 on cable and phone services.

For the mortgage on the apartment, I chose to go with President's Choice and its 5 year variable rate: 4.15. I decided to pay the mortgage of my apartment over 20 years, therefore having to make payments of \$577 monthly.

In addition, there are several items that need to be accounted for before being able to close a Toronto real estate transaction. The government requires for the Toronto home or condo to have Title Insurance. Title Insurance is an insured statement of the condition of ownership of a property. The cost to receive this insurance cost around \$250 – \$275. Also, it is mandatory to pay a land transfer tax. With the property value of \$227 900, the land transfer tax will cost around \$2004. Lastly, legal fees must be paid to the lawyer who is handling all of the transactions. An approximate cost of \$600 to \$800 must be paid.

Therefore in total, I will be spending around \$1147 on housing fees and \$71 on legal fees monthly.

Transportation



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TRANSPORTATION SUMMARY

Student's name – May 11, 2008

Since my house is located in Etobicoke, and I'm planning to work in Toronto, a car will be an essential part of my life and career.

I chose to lease a car instead of buying a car because of the advantages that come along with leasing. Firstly, the monthly payments for leasing a car are around 30% to 60% lower than for a purchase loan. Secondly, there is a lower upfront cash outlay, usually having to pay little or no down payment at all. Lastly, there is a lower tax bite, because by leasing a car, I would avoid paying any sales tax and I will only be taxed on the portion of the value that I use during my lease.

On Lease Busters, I chose to lease a 2006 Acura RSX Premium for an original lease term of 48 months. By leasing this car, I am able to enjoy its many features like leather seats, power sun roof, heated seats, all season tires, anti-lock brakes, cruise control, tinted glass and roadside assistance. Monthly payments are \$443 and I have 24 000 free km's per year on the car.

Other mandatory costs for the car include licensing, annual drive clean test, annual maintenance cost, and gas. Motor Vehicle Licence Plate renewal in Southern Ontario cost \$74 a year. Annual Drive Clean Test fee is \$35 plus applicable taxes. Annual maintenance fees cost around \$232. Gas prices are currently at \$1.21 per litre but expected to top the \$1.40 mark this summer. With \$80 fill-ups twice a month, gas prices will cost me around \$160 monthly.

During my free time, I may use the TTC to travel and therefore I am planning to spend around \$11.25 on tickets. Concluding, with all cost combined excluding the auto insurance, I will be paying \$643 monthly on transportation fees.

Insurance



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INSURANCE SUMMARY

Student's name – May 11, 2008

You may never know what obstacles you may encounter in the future. Therefore, in order to ensure you have the best protection there is to offer, it is best to invest in the various insurance policies offered ahead of time.

There are a few insurance policies that I have decided to invest in. Firstly, I will invest in automobile insurance. Not only is it made mandatory in many localities to have auto insurance, but in case of an accident, it is best to be covered. After comparing different quotes on Kanetix.ca, I have decided to invest in KTX Insurance Solutions for \$535.74 a month.

Secondly, I decided to invest in home insurance. Our home is one of our most valued possessions and largest asset. Therefore it is wise to make sure your home is fully protected. I decided to invest in Aviva Scottish & York for \$118 annually.

Thirdly, I chose to invest in Life insurance. In case I died, my family would not face too much financial hardship because life insurance has covered most of it. Because I have a paramedical occupation, I was able to invest in Unity Life for only \$69 a year.

Because of my occupation as an optometrist, dental, medical and vision benefits are already provided. Therefore I do not have to spend money on dental insurance and health insurance because I am already covered by the government.

Concluding, I will be spending \$551 on insurance every month.

Food



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FOOD SUMMARY

Student's name – May 11, 2008

Food is one of the most essential items in our life. Without it, we cannot survive. Therefore we must make sure we eat well and properly. According to the Canada's Food Guide, we must make sure we eat enough servings from all four food groups, vegetables and fruits, grain products, dairy products and meat and alternatives.

According to the Toronto Public Health, the weekly cost of nutritious food for women aged 25 – 49 is \$29.73. However since I am living alone and it cost a little more to feed a small group of people compared to perhaps a larger group, I must multiply the cost by 1.15, ending with having to pay \$34.19 a week. Therefore the cost of nutritious food for a month will cost me around \$148.

Since I am working most of the day, I may have to eat out frequently. Therefore I reserved around \$100 for additional dining cost. I also added \$20 to my food cost for occasional snacks and drinks. In total, I will be spending around \$268 on food.

I decided to buy my groceries at No Frills. This is because No Frills is only around 7 min away from my home. Therefore by shopping there, it would be more convenient and save me time and gas money. While shopping for groceries, I will make sure I buy more nutritious foods like fruits, vegetables, meat and dairy products and spend less money on junk foods like ice cream, pop, and high in calories, fat, and cholesterol foods.

Personal Care



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PERSONAL CARE SUMMARY

Student's name – May 11, 2008

Personal grooming and hygiene is a big concern for me. As an optometrist, I must always look professional and well groomed. A good self image is important when you are in contact with people everyday.

I decided to buy most of my clothes from Banana Republic. Their clothing is good in quality, professional looking, and yet fashionable. After many calculations, I have finalized that I will spend around \$300 on clothing every month. As an optometrist, most of the clothing that I will wear is machine washable and dryable, and therefore, I will not have to spend money on dry cleaning, which could save me around \$40 a month.

I will also need to spend money on haircuts and health care products. I will be having a haircut around every four months. The cost for women to have their haircut done by a stylist cost around \$35-\$45. I will also be spending money on various shampoos, conditioners, soaps, lotions, contact lens solutions, toothpastes and more. These products will cost me around \$100 monthly.

Many women love to have their nails done and spend a lot of money on nail care. However, as an optometrist, it would be inappropriate for me to have manicures and pedicures because often I would have to handle different equipment or be in contact with people's eyes and having my nails done would just cause inconvenience.

Keeping fit is important for a healthy lifestyle. However, since I live in an apartment with many fitness and exercise centers and equipment, it would be unnecessary for me to spend money on gym memberships and exercise classes.

In summary, I will be spending around \$509 on personal care and health needs.

Entertainment



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ENTERTAINMENT SUMMARY

Student's name – May 11, 2008

If life was all full of work and no games, it would be boring and horrible. Therefore, I must find and plan fun activities to do in my leisure time.

Music is my oxygen in life. Whenever I am working, chatting or just taking walks in the park, I am always surrounded by music or listening to music. Therefore, I will most likely be downloading music often off iTunes so that I could sync it into my iPod. Every song download cost \$1. Every month, I will probably download around 20 songs, costing me around \$20.

Watching movies are also one of my greatest hobbies. Whenever I have free time, I would just love to sit back for a couple of hours to enjoy a movie while snacking on popcorn. Therefore I would probably go to the movies twice a month to just relax and just enjoy some entertainment. This would cost me around \$24 monthly considering an adult ticket cost \$12 each. During my leisure times at home, I can also rent a couple of DVDs to watch. However, since I am often very busy with work, I decided to rent movies online with DVD Avenue. By just paying \$10 a month, I am able to rent as many DVDs as I would like. I would also not have to worry about driving or picking up my DVDs because the DVDs are shipped right to my door. There are no late fees and therefore I do not have to force myself to watch a particular movie before a certain time or day.

I also decided to save up \$300 dollars every month for summer and winter holidays so that when I am off on vacation, I can allow myself to just go away to perhaps the Bahamas or even Switzerland and just be able to relax and have fun.

Since I was young, I always dreamed of having a small dog as a pet. However I never noticed the expenses that come along with it. Dogs cost around \$1071 to care for each year. Food and treats for dogs cost \$650 a year. Dog grooming cost about \$30 – \$50. To make sure your dog has optimal health, it is recommended to get your dog pet insurance, which cost about \$1452 a year. After researching and finding out about all these expenses, I have decided that I will most likely not have a pet in the future.

Concluding, I will spend around \$379 a month on entertainment.

Loans



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LOANS SUMMARY

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There will be two major loans that I will have in life, student loans and credit card loans.

The only English - speaking optometry program offered in Canada is at the University of Waterloo. However since the optometry program is a second-entry program, it means students are required to take a minimum of 3 years of university studies before applying for optometry school. The University of Waterloo offers students who are interested in professional health programs such as optometry a four year regular program, known as Biomedical Science, in which students focus more on human health and obtain the greatest tools and knowledge for their future career. The estimated total costs for an 8 – month school year for this program including tuition, books and supplies, residence, meal plans, and other expenses are around \$14 648 - \$19 861. In addition to these costs, the Optometry program is even more expensive. For the fifth to eighth year of university, the costs dramatically increase. Domestic students in the Optometry program spend around \$24 000 per year. Prices are greater because of equipment fees and higher tuition fees. In total, for my eight years in university, the costs total up to more than \$150 000! Since I can not afford all these costs for studying optometry, I will be required to get financial aid. I decided to apply for the Ontario Student Assistance Program. OSAP provides eligible Ontario students with financial assistance to help pay for their university cost. I estimate that I will need to apply for a student loan of around \$50 000, considering that beforehand, I have RESP, some contributions from parents, and a part-time job. Deciding that I will pay this loan in 114 months with a prime interest rate of 6%, my monthly payments should equal to \$654.

I will also be planning to use credit cards in the future. Therefore I should consider the different types of credit cards and their different features and interest rates. After research, I decided to go along with the TD Gold Select Visa Card. Not only do I receive many different travel, protection, and auto features, I can also avoid paying any annual fees. However, the annual interest rate is quite high, 19.75%, and therefore I must make sure I am able to pay my loans quickly to avoid any additional fees.

Taxes



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TAXES SUMMARY

Student's name – May 11, 2008

Having a higher income does not mean that there is no limitation in how much you wish to spend. The greatest deductions that will be made from your annual income are taxes. In Canada, it is mandatory for people with salaries of \$337 885 or over to pay income tax. As an optometrist, I will be making around \$85 000 a year and have to pay an average tax rate of 26.7%. With regular payments of 12 pay periods, around \$2418 will be deducted from my monthly income, \$1760 of that amount being federal and provincial tax. My net amount will only be left with \$4665.

After finding out how much the government takes from my income for taxes, I wondered curiously about what they did with all this money. There are four main purposes for taxation: Revenue, Redistribution, Repricing, and Representation. The main purpose is revenue; this is where governments are able to raise money to spend on roads, schools, hospitals and for indirect government functions. The second purpose is redistribution. Taxation allows the government to transfer some of the wealth from the rich to the poor, therefore reducing the economic space between the two social groups. Thirdly, taxation allows repricing. Taxes are placed on certain externalities like tobacco, in order to discourage consumers from purchasing these goods. Lastly, taxes are used for representation. Those of higher authority are to tax citizens while providing services and accountability to them.

Savings



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SAVINGS SUMMARY

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As an adult who is constantly working and trying to pick the right decisions throughout their career path, retirement seems to be one of those final yet huge steps to be taken in life. To ensure a happy retirement, one must be constantly saving up and contributing money into different savings like RRSP in order to allow retirement savings to grow to a good amount.

An RRSP is an account that provides tax benefits for those saving up for retirement in Canada. Any contributions to RRSPs will be deducted from income before calculating income tax due. For me, I have always planned to retire at the age of around 65. By starting to contribute \$2400 annually to RRSP from the age of 27, I will be able to allow my money to grow throughout the process of 38 years. By the time of retirement, I shall have \$376 440 in my retirement savings for use.

In addition to investing in RRSP, I have also decided to invest in a TD Mutual Funds Pre-Authorized Purchase Plan. The Pre-Authorized Purchase Plan is not only easy to set up, but it is affordable to maintain, and very highly rewarding. For as little as contributing \$25 per fund on a regular basis, I will be able to take advantage of the plan and enjoy the many rewards that come along with it.

Gifts / Donations



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GIFTS / DONATIONS SUMMARY

Student's name – May 11, 2008

Since we were young, we have always been taught or even seen some of the many disasters in this world. Poverty has been a great issue affecting many people in places like Africa and China. There have been many diseases affecting and breaking up different households and communities. To be so fortunate to live in such an amazing country like Canada, it would mean so much to me if I could just give back to the world and help others to experience and live a better life.

Therefore I have decided to donate to two different charities. The first charity I will donate to is a very well known charity, World Vision. Since 1957, World Vision has helped over millions of children and communities by providing them with essentials like health care, education, nutritious food, safe water and skills training. By doing this, families and children are given a hopeful future. By sponsoring a child for only \$35, I could be involved in this project, and I can be the one to give the hope to the child or his or her family.

The second charity I decided to donate to is the Canadian Cancer Society. I chose to donate to this charity because the disease cancer has affected my family personally, and I feel that I want to reach out and make a difference to those who are currently diagnosed or suffering from cancer. For as little as \$5 a month, I can give hope to a person currently living with this disease. The amount I donate will go to cancer research and also provide support and services for patients suffering with cancer. I decided to donate to the Canadian Cancer society a generous amount of \$25 a month.

I hope that by my contributions, I may be able to provide at least one person in this world with some hope and some love. Life is just more than living it to the fullest, but helping to fulfill the same hopes and dreams for those around you. In addition to the money spent on donations, I will add an amount of around \$80 for occasional gifts for birthdays and holidays.