



Lakehead
UNIVERSITY

Office of
Student Awards
and Financial Aid

FINANCIAL LITERACY

NEWSLETTER



March 2022

Buying Your First Home



A message from the Associate Registrar

What does renting a basement apartment with 2 or 3 friends, staying in residence and buying a meal plan, or staying in your childhood bedroom while commuting back and forth to school, have in common? If you guessed they all have to do with where you live, that's correct. The physiological and

safety aspects of having a safe place to call your own is part of the foundation to ensure that you are successful, not just in school but also in your day-to-day life. The three scenarios that I highlighted all have some sort of payment being made for a place to stay, which has happened throughout your life in one way or another. The skills that you are now building, budgeting and/or saving money, will be key to your success when you look to purchase a house. When buying your first house, you need to save up to make a down payment. This down payment can vary from 5% of the cost of your house, all the way to the entire cost. The general goal that many first-time homebuyers look to achieve is around 20% of the cost of the house. This not only helps reduce the overall amount that you have to borrow, but you will also not have to incur mortgage insurance protection.

This month's issue will help you start to think about some longer-term planning once you finish school and are ready to start investing in the housing market. You can use the idea of long-term planning to start now by setting aside a little bit of money, and then once you finish school, you can begin to focus on saving for your first down payment.

Sincerely,

Josh Levac

Associate Registrar

First Time Home Buyers



Chad Izatt is a Project Coordinator for the Help! Managing Your Money on Campus Program with the Canadian Foundation for Economic Education (CFEE)

Is buying a house still possible for young Canadians?

The Canadian housing market has undergone a flurry of price increases in recent years, rising by 26.6% in 2021 alone. For prospective first-time home buyers, this rise has been a daunting, discouraging process. Many feel that owning a house has become a fantasy rather than an inevitability.

Is that the case? Are house prices officially out of reach for new buyers?

That may seem like a simple question, but the answer is anything but simple. A house is and always has been one of the largest purchases Canadian's are likely to make in their lifetime. Between the mortgage, down payment, additional closing costs, and potentially mortgage default insurance, there are a multitude of costs that show up in the final price of a house. While the timeline for home ownership has grown for many, that doesn't mean it's gone. With self-discipline, an effective budgeting, saving, debt management, and stable income, even first-time buyers can participate in the housing market.

While rising prices are increasing the total cost, it has always been a significant investment for Canadians to own property, and a primary residence is no different. For first-time buyers, often the largest obstacle to overcome is the down payment, which is an upfront cash investment required to secure both the mortgage and, by extension, the house. The minimum down payment required for a mortgage in Canada is 5% of the purchase price, though any mortgage where less than 20% was paid as a down payment is considered a "high ratio" mortgage. To secure a "high ratio" mortgage, default insurance will be required, which can increase your total costs by as much as \$15,200 on a \$400,000 house. This cost is put in place to protect the lender if you aren't able to pay your mortgage. The option of default insurance can open the door for first time buyers who have less funds available to use as a down payment, however, there is still list of conditions to determine eligibility.

Home ownership is still a real possibility for Canadians, but that doesn't mean it will be an easy process. Self-discipline, goal setting, and effective budgeting will all be necessary to ensure you are setting aside enough money for a future down payment. Since purchasing your first home is such a significant investment, it's something you should give yourself adequate time to prepare for. Setting home ownership as a 10-year goal can turn a 20% down payment on a \$300,000 home into monthly savings goals of \$500, all else equal. Investment strategies, compound interest, and increases to your savings goal can help decrease this timeline even further.

While home ownership is still a goal for many Canadians, it's not for everyone. There are a lot of additional responsibilities that come from owning a home, that renters do not have to worry about. If, however, buying a house is something you see in your future, disciplined

savings, hard work, and dedication can help you get there.

For more information on the pros and cons of home ownership, the home buying process, and some of the professional and government financial supports that can help with your down payment and beyond, **join us tonight at 6:00pm for the workshop, Help!**

Managing Your Money on Campus: Buying Your First Home. This workshop was developed by the Canadian Foundation for Economic Education (CFEE) and is being hosted by Lakehead University Student Affairs to broaden the financial understanding of students. Financial stability is not something you stumble into—it takes years of hard work and discipline to achieve, but the financial and mental health benefits of getting there more than make up for the challenges along the way

This article is supplied by the CFEE and is for information purposes only.

Register for tonight's Buying Your First Home webinar!

Fin Lit 101



Here at the Financial Aid office, we love finding new resources for you to use as a student! Just last month the Canadian Foundation for Economic Education (CFEE) launched [FinLit 101](#). "FinLit 101" is a unique interactive, online, self-instruction financial literacy learning program with 10 initial modules and 50 financial topics covered!

One of the best things about having your own money is that it's all yours. But that also means there's a lot to think about when you're choosing what to do with it. That's where good financial literacy comes in. Each FinLit module helps you learn about everything from money basics and saving to making investments that work for you.

With interactive modules that build money confidence, FinLit helps you take ownership of your finances and feel empowered in your choices. It's a self-paced resource that gives you the tools to explore how your money can be earned, saved, or spent, so you can feel financially inspired and prepared for your future.

Go to FinLit 101 now!

IMPORTANT: Canada Learning Bond

Are you 18-20 and a Resident of Canada? You may be eligible for the Canada Learning Bond!

[Canada Learning Bond Brochure](#)

Not sure how to pay for the cost of education after high school? The Government of Canada can help. You could get up to **\$2,000** with the Canada Learning Bond for your education after high school. About two-thirds of those born in 2004 or after are eligible for at least \$500. The best part is, no contributions are necessary!

Key pieces of information:

- You can apply for the Canada Learning Bond as soon as you turn 18.
- You have up until the day before you turn 21 to apply.
- If you are eligible for the Canada Learning Bond, you will receive \$500 deposited into your Registered Education Savings Plan (RESP), plus an additional \$100 for every year you were eligible up to the age of 15.

You could be eligible if:

- you were born on or after January 1, 2004
- you are a resident of Canada
- you have a valid Social Insurance Number (SIN)
- your family income met the eligibility criteria for at least one year

[More information about the Canada Learning Bond](#)

Upcoming Events

Buying Your First Home | MARCH 16 - 6:00PM



The Canadian Foundation for Economic Education (CFEE) has partnered with Lakehead University to offer a series of virtual workshops, designed to help improve the financial education and capability of University and College students.

Coming out of this workshop you will have a much better understanding of how much you can spend on a house, the multitude of government programs to assist you and the other service providers who can help you in this major purchase. Roughly 2/3 of Canadians own their own home. Buying a home will likely be the largest investment you make in your life and this workshop will help you better understand the steps to buying a house so you can approach this major life decision with confidence.

[REGISTRATION LINK](#)

Your Brand Matters | MARCH 23 - 12:00PM



Learn how to build awareness of your brand and use it effectively throughout your career

[REGISTRATION LINK](#)

Rock Your Profile (LinkedIn Workshop) | MARCH 30 - 12:00PM

This workshop will help youth develop strategies and

RBC Future Launch

Empowering the youth of today
for the jobs of tomorrow.

learn tips on how to best build their LinkedIn profile, expand their network, and start connecting with professionals in their chosen career path.

[REGISTRATION LINK](#)

STUDENT ZONE



MEET JASE

Jase is in Year 3 of the Social Work program at Lakehead University.



In your own words, describe what financial literacy means.

To me, financial literacy is the use of your transferable skills, skills accumulated throughout your life-course (both experiential and academically). But more specifically the life skills picked up over a period of time --- that not only allows you to understand but apply them to anything in your life, all things transactional that are attached to money or objects that require money.



What is something that you do on a regular basis that you consider financially savvy?

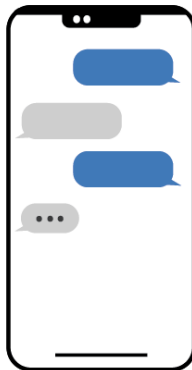
I cherish all the small victories because I am on a fixed income (ODSP \$800). It covers my rent, cell, cable, etc. Having always worked from a grinder methodology, I must always remember that surviving isn't thriving, and that life/financial success is relative construct with multiple meanings, it looks different to everyone. The fabric of society is woven and interlaced with community supports, it's tied to the fabric of our being, that we wear through time and place. It's not about keeping up with the Jones' for me, so

taking \$800 and stretching it out an entire month, takes an incredible juggling act, and is contingent on help from others, others who truly want to see you succeed.



What are the resources you use to make financial decisions?

The one resource is Lakehead University, I have never met so many people invested in my success. I came from a life in the street in Vancouver, I had a lot of issues, including an unfinished grade 10 education. My healing journey brought me to Thunder Bay, where I took their Humanities 101 program which led to being a full-time student. The MH supports, the LU doctor, the Social Work and Philosophy departments. Financial literacy is on a tertiary level in the psychosocial balance within every human being. I can't make good financial decisions if the levels below it are in crisis or are struggling. Stress and bad mental health almost always lead to bad decisions (in my experience anyways). So, I rely on the many branches within Lakehead University to make financial decisions. It takes a village to raise a child, and its nice to have a place that I belong.



A piece of advice for your fellow Lakehead Thunderwolves.

To be honest with yourself. To think critically about your life, analyzing where you are at. Learn the difference between True and False Pride. Becoming okay when asking for help, and more importantly being able to accept someone's help. Ego always tries to gets in the way of our true successes. I struggled through university, trying to juggle my bills and budget them. I don't have the luxury of OSAP and even if I am living on a fixed income, I find ways to earn funding. I was (and still am a little) prideful, but when I needed the help of the LU financial department, they saved me from myself. Which is slightly ironic because when I volunteer in the social work field, I help many people through their own financial issues, but it is always easier to help others than it is to help yourself.

MEET A TEAM MEMBER

Hi everyone! I must apologize; in our previous

newsletter we noted that we had introduced all of our team to you. However, I realized I had never introduced myself! If you have participated in any of our Financial Literacy events over the last few years, you might have already interacted with me. My name is Melanie and I am a Student Central Professional on the Orillia campus. I am the editor of this newsletter and am heavily involved in financial literacy initiatives at Lakehead. I have worked in Student Awards and Financial Aid for over two years and I love supporting students with finding all of the funding opportunities available to them. My biggest piece of financial literacy advice for students is to **ask!** Looking for additional funding opportunities? Ask. Unsure if an information source is reliable? Ask. Struggling with your finances? Ask for help! We are here to support you [at Student Central](#).



Follow LakeheadLife on Facebook and Instagram for more financial tips and information.

