



## MODULE 29E: **INVESTMENT VEHICLES**

Choose from the Suggested Activities below to find activities to help your students meet the outcome for this module from the Saskatchewan Financial Literacy 20/30 curriculum.

All resources for this module's activities can be found on [saskmoney.ca](http://saskmoney.ca).

### **OUTCOME**

Compare various investment vehicles

#### **INDICATORS**

- Distinguish between an investment vehicle and an investment type.
- Identify the characteristics and benefits of investment vehicles such as a Registered Retirement Savings Plan (RRSP), Registered Disability Savings Plan (RDSP), Tax Free Savings Account (TFSA) and Registered Education Savings Plan (RESP).
- Determine an appropriate investment vehicle for various scenarios.
- Investigate the tax implications of using various investment vehicles.

#### **OVERVIEW**

Tax planning is a necessary part of financial planning. Saving tax now can mean real long term growth in an investment over time. The government has created tax free investment options for Canadians, but there are distinct differences between these options and investors should be aware of these differences as the long term impact will vary.

RESP's are the most urgent for students to learn about to help them quickly save for education; students and parents often find out about this program when they are no longer eligible to contribute and get the grant. RESP does not allow a tax deduction but does grow tax free until it is withdrawn (and taxable) in the student's name. RESP has a federal 20% grant attached, but only if the student goes to school.

RRSP's allow for tax deductions now, but the tax will be paid later when the investment is taken out. First time homebuyers can access their RRSP to put a downpayment on their home or take out money to go to school.

TFSA's grow tax free and tax is not payable when the money is withdrawn, but they are subject to limits and are not a tax deduction.

#### **PREREQUISITE**

Module 29A

#### **SUGGESTED TIME**

2-4 hours

# MODULE 29E: CONTINUED

## RESOURCES

### • Slideshows:

- TFSA RRSP PPT (PDF)
- RESP's 101

### • Online Tools:

- What is an RESP (sunlife.ca)
- Registered Education Savings Plans (canada.ca)
- Kahoot links below

### • Assignments and Activities:

- How an RESP Works (canada.ca)
- RESP info from SunLife Financial
- RRSP & Lifelong Learning Plan
- TFSA & RRSP FCAC Comparing retirement (canada.ca)

- TFSA RRSP INFO- Guide
- Debate: Should University Students Contribute to an RRSP
- Debate TFSA VS RRSP (x2 includes key)
- Debate Assignment TFSA VS RRSP (*Million Dollar Journey*)
- Debate scorecard (*Sask. Elocution and Debate Association*)
- Tax Modules Notes (and Key) and Quick Table Activity

## ASSESSMENT

- Formative feedback on worksheets
- Formative or summative quiz and key (in Additional Resources)
- Debate Scorecard (summative)

## SUGGESTED ACTIVITIES

1. RESP: Start teaching this topic first. It is most relevant to students right now and they can take advantage of the 20% grant on their contributions, plus earn investment return.
  - a. Introduce the topic with this informational video: [What is an RESP?](#)
  - b. Use the **RESP's 101, How an RESP works, RESP info from SunLife Financial.**
  - c. Consider showing the Government of Canada website for [RESP's](#).
2. The **Tax Module Notes** and **Quick Table Activity** are useful for content delivery and notes for the students to summarize the tax investments vehicle lessons.
3. Debate / project: Setup the class to debate RRSP / TFSA next: **Topic: Should young people contribute to an RRSP or buy a TFSA?** This is a topic widely discussed in the finance world and there is no consensus on which one individuals should invest their money.
  - a. RRSP/TFSA Intro: Kahoots are fun ways to teach topics. It could be used as an introduction to this topic and then redo it once you have taught this module
    - i. [RRSP and TFSA](#)
    - ii. [TFSA Kahoot](#)
    - iii. [RRSP Kahoot](#)
    - iv. [RRSP Overview Review](#)
    - v. [Registered vs NonReg](#) (a good overview of these topics)
  - b. Use these files to introduce the topic: **RRSP & TFSA Handout: TFSA RRSP INFO- Guide, TFSA & RRSP FCAC Comparing retirement, and TFSA RRSP INFO PPT.**

## MODULE 29E: CONTINUED

- c. Individuals can take out money from their RRSP to purchase a home (first time buyers only) or go to school. These options should be explained to students as this might be a more imminent need for the money, before retirement comes along.
- d. The Lifelong Learning Plan (LLP) allows one to withdraw amounts (for him/herself or their spouse or common-law partner) from RRSPs to finance full-time training or education for. Use **RRSP & Lifelong Learning Plan** to gain access to this topic.
- e. Have students work in teams of 2–3 and have them research the following possible arguments. Use **Debate: Should University Students Contribute to an RRSP, Debate Assignment: TFSA VS RRSP, Debate TFSA VS RRSP** (includes a **key**) to help prepare. Use the **Debate Scorecard** for a rubric:
  - i. For / against “Youth should invest in RRSP as it gives them options such as LLP & Homebuyers plan, and the tax deduction now”
  - ii. For / against “Youth should buy TFSAs instead of RRSPs as they are a better financial option when they are younger. Youth don’t need the tax deduction now and will benefit from not paying tax later on this TFSA money when they take it out.”

Note: Students may present their arguments in a verbal style or in a written format (*you may need more than 4 hours for this module if you choose to debate live!*)

## ADDITIONAL RESOURCES

1. TFSA-RRSP WORKSHEET is an activity you can use to get the students to practice the difference between these two investments. This includes a good glossary.
2. Quiz: There is a VENN diagram you can use to get the students to show their knowledge of RESP, RRSP & TFSA.
3. Activity: Saving for your Retirement Worksheet
4. Introduce RRSP—**VIDEO**: Estimating your retirement needs.

For more curriculum information, please visit the Government of Saskatchewan curriculum website.