Intro: Hello and welcome to Leadership in Challenging times on the NorQuest college podcast, hosted by Dr Jodi Abbot, President and CEO of NorQuest college and Lieutenant, Colonel JC Wilson, third Canadian division headquarters with the Canadian army. This podcast, we'll discuss challenging and difficult topics affecting community, business and soldiers alike. The presenters may at times express their personal opinion or take a contrary position to expand the conversation ranging from leadership to sensitive subjects to current affairs. The podcast will tackle issues in an open manner with an eye on identifying and expanding ideas from all sides of the discussion. Jodi and Jeff will now start the podcast.

Jodi Abbott: Good day everyone. Welcome to podcast number 16 leadership in challenging times. Jeff and I are here today with Jackie Nguyen branch manager of the ATB agency at NorQuest College. And today we have a very interesting topic, I think important to both students and soldiers and the general public, which is financial literacy. So I'll hand things over to Jeff to get us started.

Jeff Wilson: Yeah, thanks for coming out. We, Jodi and I, have been chatting about some really relevant subjects. This was one that sort of popped right up to the top that it's probably a good idea that you know, I've got kids now that I'm having these conversations about what an RSP is and what a tax free savings account is and what compounding interest in all these types of conversations. And although the kids take it in CALM and different levels as they go through high school, I don't think they retain enough to make informed decisions. That's kind of why we wanted to hear. So go ahead.

Jackie Nguyen: So thank you for having me, Jodi and Jeff, it's my pleasure to be here too just share some insights of financial literacy and you know, in my role as the bank manager at ATB, I do see my share with diverse clients with different needs and where they are at in that financial spectrum. So we see students all the way up to instructors and the general public and different age ranges as well. And so it's a very diverse group that we see and we serve as. And we work with them to achieve their financial goals.

Jodi Abbott: Jackie, can you tell us first about the ATB branch at NorQuest College? So our listeners understand who is the branch and what we do? Where it is.

Jackie Nguyen: So I'm, very proud of this agency. We are the first agency that's owned and operated by NorQuest college. And what that really means and from an innovation perspective is NorQuest owns this agency and the revenue that we generate from our operation stays with NorQuest in supporting our students and you know, the strategic goals of NorQuest college. And we are the first in the province, dare I say, in the country even.

Jackie Nguyen: To have this licensing agreement with ATB financial to do that. And you know, it's a great partnership with ATB financial because they serve up earns and the mission between ATB and NorQuest just aligns so well that this is a great operation. And we've just celebrated our first birthday recently and we've got over 500 accounts on our book of business. And so it's gaining momentum and we hope to spread the message even further so that our external general public knows that we exist in the college and that they would come and bank with us.

Jeff Wilson: **Cool. I'm really impressed. You're like, where's it physically, in the college?**

Jackie Nguyen: It's physically in the Singhmar Center for Learning and it's right in the Atrium area. So it's on the way to the bookstore and yeah, so we've got our you know, prime real estate right in this beautiful atrium. And you know, we are gaining popularity among the college cause we've got some different programs for all the years that our team does and one of them for students, especially similar format is asked the banker where I set up stage in front of the agency, I get up there and for an hour students line up and they ask me questions about different finance topics that they're interested to learn. And as they asked me the question, they get to spin the wheel for prizes. And one of the draw that we brought to the college was a donut wall.

Jackie Nguyen: So this was a wall filled of Tim hortons, colorful donuts. And just to attract our students to have them be curious, what is this all about? And then I was pleasantly surprised by the quality of the questions that our students were asking. And one of the topic that was top of mind was savings. How do I save with the constraints of being a student? And what should I be doing with my money? So these are some really great questions and I'm very happy that students are thinking about that.

Jodi Abbott: **So with that question, if I'm a student, how do I save? Because I have tuition and fees, I have housing, I may have children. So I have a lot of demands on my resources. So what are some tips that you would give to students, soldiers and the general public?**

Jackie Nguyen: First thing is always just to make sure is to keep it simple because a has all these demands and they constantly having to make a trade offs is to make it simple. And the purpose of a having a savings plan is so that you can achieve your plan. So setting something just as small so that you get into the habit, it's really the habit that needs to change to ensure that you focus on savings. So as easy as setting an automatic savings plan with $10 a month, $20 a month, whatever that dollar amount is, it needs to fit within your budget and your life at that moment. So if you can't afford $20, then let's do $10. But what I'm instilling is that you know what? Giving that you have all these monthly obligations, you need to set money to save.

Jodi Abbott: **Thats, I think that's a really smart way to go because sometimes people say, I will have a savings plan. That basis, is based on how much I have left over at the end of the month and in variable, oh my goodness, it's all gone. So really it's almost like you're saying, I have a budget for food, I have a budget for entertainment and I have a budget for savings. And it's making a commitment that that money goes in. Is that, is that correct?**

Jackie Nguyen: Yeah, absolutely. And so the, you know, the question I also get is how much should I be putting as waste savings? So certainly they can look at what's called the 50 30, 20 rule. So based on, and this is from a perspective of someone that's earning an income, okay? So if you are at work and it's part time work and you're getting an income, so the 50% of that income should be allocated to your needs, such as housing, your rent, utilities, car payment, insurance. These are the needs that you cannot go without. 30% of that then can go to your want. So these are wants that are discretionary. So then if you needed to upgrade your cell phone bill to have an unlimited plan because you thought you'd only have a phone, you don't use it, the laptop, then that's a lot. But going and to buy new clothing, makeup or just fun stuff, that's not a want then. So you have to really define what is a want and one's a need. And lastly, 20% should be set aside for savings. And so, like I said, this rule 50 30 20 is for people that are earning an income. And for our students, some of them don't have that income or if they do, it's a part time income. So with my part time income, you know, it's harder to apply this rule. So what I suggest is, you know, what? $20 as your bare minimum, set aside $20 every time you get direct deposit into your bank account, I will set up an automatic withdrawal, $20 to go to your savings account. That way you don't have to think about it. It's automatic, it's done for you. And then the goal is not to touch that savings account. So I encourage them not to have it linked to their bank card so that when they're going shopping, knowing, hey, I'm having $100 in my savings account, I want to buy this thing, it's a want. Then it's, I'm just making it a little bit harder for them to access their money. So then hopefully that instant gratification they can delay and look at the long-term savings.

Jeff Wilson: **Yeah. And I think that's kind of important. Like one of the observations I made when I was, I've been on exchange with American units is that I would say if you took Canadians and Americans, they have a bit more of a culture of savings. We don't, I don't feel quite the same in Canada that we have a culture of savings. Cause even some of the young soldiers that I was with in the headquarters or in the unit, like they all had savings, they had investments and stuff like that. And that really struck me in the two times I've been on exchange that they really, for whatever they do different, they teach that culture of savings. And I think sometimes in Canada we, we don't, we maybe use different words to describe it as not an ingrained, you know, sort of lifestyle criteria that you need to save. Maybe it's because of the, you know, the better social structures and safety nets and stuff that we have. And maybe that's something different between in the United States and Canada. But it really struck me as a difference that we don't have that and I have no, I've tried to instill it on my kids that you got to start throwing stuff away that, cause as soon as you start putting that money in that bank account and maybe you have it, you can only get it with dad's signature. So you've gotta convince me that you want to get at it. Yeah. The odds are I'm going to say no unless it's something extreme. And I think that's something that we have to instill from a societal point of view to get people on board that yet that's part of your responsibility is to save.**

Jackie Nguyen: Yeah. It's funny how, you know, even though I have the best laid out plans, I have all the numbers to back up my recommendations to my clients as to why this is a good savings plan. By the end of the year you have, you will have this x amount. And yet I feel people make financial decisions based on emotions. So it's not always based on facts. And so there are times where, you know, a lot of my time is actually spent understanding my clients. What is it about them that makes them unique? What are some of the things and the goals that they want and what are some of the, you know, obstacles getting in their weight because the best banker will spend a majority of the time getting to know the clients so that by time that I recommend a savings plan, I've already made sure that all of the objections that I foresee the client's giving me, I can overcome that. And it's about building relationships. You know, they're sharing with me the most intimate financial information that I have the privilege of accessing, not even their spouse or significant others have access to this. And they share with me, you know, some of the most intimate information. And so I feel very privileged. And so with that I make sure I give them great advice. But with that great advice, I really need to understand them. And it's, it's about emotions. It's about, you know, this client, what is it about her relate her or him, his relationship with money that is preventing them from saving. And maybe it could be something that they were taught or not taught at a young age or they observed something from their parents. And so it's all these other variables and it's just not the facts that I'm laying down for them that I have to kind of find that intersecting point to make sure that they understand the concept of savings, but also ideal with the emotions aspect of it as well.

Jodi Abbott: **So in that Jackie, given that people make decisions on emotion, not fact, and even when the facts are right in front of them and given that you develop a relationship with the client to help them to set whatever their savings plan is, is there a way to tie emotion to the decisions on savings? So what I'm thinking is that, you know, one of the things, if you're a young person, it's your first savings account and you think, oh, it's going to be impossible to even live without that $20 a month that I can access. But then over time it's $100 is sitting there $200. I see that as a point of pride. So you can create emotion around that because I think lots of times, and I think we'd probably be surprised in our society how many people don't have that fallback. If something really goes wrong, they don't have any money in savings or they have very little money in savings. So how can you create that same kind of emotion as the thrill of I just went and bought, you know, a new pair of shoes and I'm all excited about it, lasts until the first time I wear them in the rain and then it's like, whoa, they're no good anymore. But how do you create that emotion for what you're building? Because it's a huge accomplishment when you can build a savings account.**

Jackie Nguyen: So then I spend a lot of time in making sure clients can have a goal, a very specific goal in mind. You know, I want to save this money because I want to buy, you know, whether the decision is, is right or wrong. I don't question that. It's the goal and it's the whole process of achieving a goal is if I want something and it could be, you know, I want to buy my first car or I want to save enough money so that I go on a vacation. Okay, so then this account, we'll call it a vacation account. Then where do you want to go? You know, what are some of the things that you love to do on your travel? You know, have you started looking at the list of your to do's and your list of the countries and if they, it's like, well I want to go to a beach resort, Mexico. Then just creating that visualization of that, putting a savings plan now in and linking it to a very specific goal and a specific destination. Okay, if I need to save $1,000 and it's going to be, it's going to take me 16 months. Let's take that thousand dollars divided by 16 months divided by further cause maybe you get paid biweekly. What does that amount look like?

Jodi Abbott: **Hmm, that's good**.

Jackie Nguyen: And then we're going to set that up and if it's like, you know what, maybe 12 months, it's not, it's too aggressive. Okay, 14 months, 16 months. Then we'll translate it into bite sized goals. Okay, so now your vacation account, we're setting it up for every paid biweekly paycheck. It's $75 we're going to let this run in three months just to see how your do and I will call you and, or email you to touch base on how you're planning for your trip to Cancun. So then I would set up, diarize myself an activity to reach out to this individual three months, hey, congratulations, you've saved up that much amount for your Cancun trip. Now we only have x more months to go. So then it's creating that and putting that to the client that there's a very specific goal, but then it's something that they, they want, they get excited about. So it's no longer I'm saved. My banker told me that I should be saving $75 every paycheck. It's, I'm saving for my Cancun vacation and how I'm going to get there is by saving $75 for every paycheck. So it changes the mindset of the client.

Jeff Wilson: **Maybe we should change gears a bit and too, and talk about, you know, the products and things and maybe lifelong savings as well. Right? Like, rather than than short term, you know, pay for school or something like that. Cause I know there's some specific savings terms that we need to sort of break down so you can understand them when they're used.**

Jackie Nguyen: Yeah. So whenever, I always give the advice that whenever the government gives you anything and it's called tax free, you need to take advantage of it. I agree cause there's two things in life that we cannot avoid. Taxes and death, right? So if the government is willing to give you a product and they're going to say it's tax free, take advantage of it. So to me, every Canadian resident and that doesn't, you can be an international student and qualify for this because you're living in Canada can open a tax free savings account and then you can save money towards for whatever goals you like. The great thing about this account, and that's why I'm advocating for it, is any interest, any dividends that you earned from your investment becomes tax free so you don't have to pay taxes on it. So if you put at $100 and you earn $20 of interest, you will not receive a T5 investment income from the bank and you have to include this $20 interest onto your income taxes. So then that $100 plus your $20 now is going to be $120 invested for how many years you want. So by the time that you want to take it out, any income you earned in this account, you do not pay taxes on it.

Jodi Abbott: **So Jackie, even when you take the money out your, it's tax-free then as well.**

Jackie Nguyen: Correct. Because you're putting money after taxes. So the difference between a tax risk savings account and a retirement savings plan is you don't get a tax credit with a TFSA. Okay, so $100 that you put into your tax free savings account, it's your after taxes money. Whereas if you put in $100 RSP, the government is saying you contributed $100 to your RSP, here's a tax credit of $100 that you get your tax receipt that you would file for your income taxes and that reduces your taxable income by $100. So therefore, if the government is giving you tax break with the RSP account, they will impose certain regulations and rules when you take out that funding.

Jeff Wilson: **That's, that's where it gets complicated. Yeah. You're just deferring your tax and you have to be strategic**.

Jackie Nguyen: Absolutely. And so, you know, the difference between a tax free savings account and RSP, are there are differences, but the purpose is to save and you know, maybe clients do need both a tax free and a saving an RSP account. And so there is no right or wrong answer whether you should have one over the other. It really depends on your circumstances. But I'm in the belief that you should have both because tax rate, it's for your all in one account. Whether you want to save for vacation of buying a car or even buying a house, you can go through that. RSPs are very specific. There's three common purposes of using RSP money. The main one is retirement. The second one is where you can withdraw money if you are a first time home buyer. And so the government gives allowance that you can take up to $25,000 that you've saved up in RSP to buy your first home. But you have to pay that money back throughout 15 years because the government still wants you to be able to have money for your retirement. And lastly, you as for a life learning plan. So if later on, if you wanted to pursue education again, you can use your RSP money to fund that education. But also you still have to pay it back. Because ultimately the reason government offer RSP is to help Canadian have a retirement in current. So if you take it out, it's a temporary taking money out to finance your education or buying a house and you have time to pay that money back.

Jeff Wilson: **Would you agree with the statement? Like I always sort of present the information at TFSA is like a super savings account. It's a short term product and a long-term product. So you can leave it there and work as an investment and leave it there forever. Or if you needed it for something, it's, it's a better savings account because the interest that you've earned, you could take, say you needed, there was an emergency payment you need, you take that out, you're not going to pay any taxes on it may have been interest you earned earlier and it could be useful for that. But it's a, it's a long-term product where I liked, I think that the, an RRSP is more of a long-term product. You're not going to touch that until you when a whole bunch of digits and you're not your age that that's when you start talking about an RRSP. So yeah, one of them is a long-term product. One term is a short and long-term product. Would that be fair to say?**

Jackie Nguyen: Yup, that's absolutely very fair. And so I guess that's why you kind of need both because right now short term TFSA might work. RSP is for a longterm investment strategy and RSP is typically used to reduce or tip your taxable income. So on average our income is the highest one, you know, where certain income brackets when you're working. So at that time you might need a RSP so that you can reduce your taxable income. But Yep, that's a very easy explanation of TFSA versus RSP.

Jeff Wilson: **And if a student, if it prompted, again, correct me if I'm wrong, if you're a student and you're not making a lot of income the post-tax a RSP benefits won't be as great because you're deferring that tax, you're better off to take it in when you're earning the most and you have the most tax obligations. So you get the most benefit of it and you're better take it out when you have the least tax obligation, IE you don't necessarily have an income and that's kind of how it you view it because if you have a lot of RSP investments in, you're making, you know, minimum a minimum wage job part time, you're not going to reap the benefits that you would save three years later when you have your first job and you're earning more money and therefore there's you have more taxable income.**

Jackie Nguyen: Yeah, that that is absolutely correct. And also too is in order to open an RSP account is you have to have employment income. So for students that only go to school an RSP account is not available to them, whereas a tax free savings account is because the only two restriction is they have to be 18 and they have to be Canadian resident. And so for student TFSA is the best product to go with. And then as you get into employment then at RSP might be something down the road.

Jodi Abbott: **And Jackie, how much can you put into a TFSA?**

Jackie Nguyen: So with a tax free savings account, it was introduced by the government back in 2009 and when they first introduced it, you can put in $5,000 and each year from 2009 all the way to 2019 each year, the government sets a limit for you and. It could changes every year. And so then depending on when you open this tax free savings account, you can go back all the way till 2009. Cumulative.

Jodi Abbott: **And then so you can top it up. If you only put in 3000 in the first year, you could top it up by, by the two.**

Jackie Nguyen: Exactly. And so then for those that's never open a tax free savings account before. I think this year's limit is almost like over 60,000. Don't, don't quote me on this. But because it's cumulative, um, and it is it's can go over and then if you don't contribute all of it next year, you can do it as well.

Jeff Wilson: **She's just checking on her phone cause she's really concerned about the numbers. Well let's, let's, let's move that along. So we've got those two products and you know that there's two options plus a normal savings account plus a normal checking account. And then you know, you know, savings account you know, it usually has a, okay, you know, interest rates, you can throw some money on there but you're not going to earn a lot of money. You probably need an investment product of some sort, which we can get to in a minute. And then you have a checking account and a checking account is normally has a, you pay a fee or something to the bank and you get so many checks and you can do certain things within that as well as like bank withdrawals, right? So that's important for a student to understand or a soldier, anybody. You have to understand your service fees, you have to understand how many you can do before you start paying per transaction. So if you're a kind of person who spends 5 cents buying gum, you know with your debit card and after a week you're now paying 10 cents for every 5 cents transaction, that's probably not a good way of doing business. Right?**

Jackie Nguyen: Yeah. So the banks offer an array of different accounts.

Jeff Wilson: **I like how you did that. You did array in for the, for the listeners, she put her hand and sort of all right. [laughing] an array of products**.

Jackie Nguyen: Yes. And so each product has a purpose and it's really important to make sure that when you open an account though your purpose aligns with the type of account that the bank is offering. And so one of the most common mistakes I see students or just young clients in general is they would open a checkings account, which is meant for their day to day banking. You pay a monthly fee for being part of the membership of this particular bank and there is a certain amount of transactions that you can use. Now transaction for a checkings account is meant for anytime money leaving the bank account. So banks we, we love deposit cause we love getting money coming into our banks but we don't typically like to give money out. So therefore if your deposit you can deposit as many times in the month as you want. We love that. But we would put a restriction on how many times you can take that money out. So then depending on how you do your day to day banking, maybe an unlimited bank account makes sense. Because if you're like me, I don't carry cash whatsoever. I use my bank card, I tap, I would go to Tim Hortons and for $2 I would still tap. So then having a bank account that restrict the amount of transactions will not make sense. So even though the banks will offer you, because of Frank Latorre compliance that they have to offer you certain on a a different options by choosing a monthly plan that's cheaper does not always mean better because then you're going to go over your transaction limit and you end up paying a lot more.

Jackie Nguyen: So this is partly why it's important to get to know your banker and for the banker to get to know you. Because if I go in thinking, well this is the cheapest account to have, but I go to Tim Hortons five times a day. That's where I need to tell you that story so that I get the right product in the end. So this goes right back to what you said earlier on about you have an important role in getting to know the clients so that you can actually as a client get the best service to meet your needs.

Jackie Nguyen: For sure. And I look at it as a relationship. It's a two way relationship and all of us have relationships in our life and we need to be able to share information so that the other individual can give us great advice. So it's not always if you're withholding information or maybe I'm using the word withholding incorrectly, but if you're, you're not being accurate of how you bank. If you're telling me, yeah, I will not be needing this bank account at all. And I only use it five times in a month to withdraw cash and I am always using cash. That might be the intention, but then you start using the bank account. It's for convenience. You start using it more, then you're going to, it's gonna cost you more and then that's when you might feel that that bank and you don't have a good relationship because now I come in thinking I'm going to pay only $5, but now I see my fee and it's $15. But at the same time, so it's a, it's a give and take relationship.

Jeff Wilson: well there's also limits on what you can withdraw sometimes too. I know my son that caught him out, he had to do a repair on a vehicle on a trip and couldn't take that amount. So he had to basically take three days to pay it, to get it out of the bank cause he had a limit placed on the vehicle. On the card and, and that's something you had to be cognizant of. He never even knew that that was an issue he does now. But I mean it's, it's something you need to know the product, you know, know what your limitation and make sure it fits. I mean, ideally you should never even notice it because you just, it fits perfectly. So therefore you don't see these extra bills, you don't see these extra issues that come up.

Jackie Nguyen: Yeah. And I think the, definitely the onus is on the banker to make sure that we do a great job in our discovery meeting with the client so that we address all of those things. You know, how do you like to bank? Are you a digital client versus do you like to come into a branch? And you know, if you have to always pay your rent on your debit card, you're going to need a bigger limit to pay for your rent or are you a cash transaction client? So those are the things that we as banker need to really ask to understand our clients, to ensure that they have the right product. And you know, savings account, there's just an array of different saving vehicles that you can use to invest your money. And again, it always boils down to, you know, what is that purpose that you want to save this money? Is it long term? Is it short term? And you know how much risk you're willing to take. So you always hear, I always love how the conversation start. Well my friend told me that I can get 8% on my investment and, but you're only offering 2% or 1.5% and then so it's like, you know what, let's dig a little bit deeper in statement because I do have investment that can make you 8% I just can't guarantee it for you.

Jodi Abbott: **Was that my husband talking to you? [laughter]**

Jeff Wilson: **This is a really good conversation cause, cause this, I was shaped by this when I was in school that I had a teacher who as a side said, listen, I'm going to give everybody pretend $1,000 and he had a computer program where you invested your thousand dollars and everybody got to fake invest it. And then during the year we displayed how everybody was doing your investment and you could sell and do all that stuff. And what was really funny was years ago I discovered I had bought Microsoft just because I had bought the software. And if I had actually done that in like the early eighties when Microsoft first came out and retained that amount.**

Jodi Abbott: **You wouldn't be sitting here.**

Jeff Wilson: **That always stuck to me that if you look at the long game, you look at a lot of that. But that's a really good exercise is just to just say, hey listen, I'm going to pretend I got $1,000, I'm gonna put it in there and I'm just going to monitor it and see what it goes. So you can get a feel for, you can do really great and then you look and go, I just lost a whole bunch of money. How'd that happen? Then you read and go, oh, these guys didn't meet their earnings or this didn't happen. And suddenly their value dropped by 10%. And I think that whole education of understanding that that's, that's the insecurity that you're talking about is that you could do real well in the long-term, but you know, you might not, but you need to understand savings. And I, to me, that's one of the things I, we could probably do as whole separate podcast. I think just talking about how to invest your money. Cause I think that's something that, that people need to get their head around and not be afraid of it. Cause I think that's why some people don't do it. It's too much information. I've got, I can have, you know, stock or I can have these, these other earning products that they have. I can't think of the other ones to that, mutual fund. That's what I was looking for. And you can get funky mutual funds and stuff that's got a international content that doesn't necessarily meet the RSP stuff and you can be lost in it, but you need and time, maybe as a student it's not ready to the right time, you can dig into it, but you need to start learning that because that is the language of savings in the long term.**

Jodi Abbott: **Yeah. But I would, I would ask Jackie, it was just said that you need to learn it at some time. So when we were talking about the difference between TFSA and RSP, when I think about it, I didn't learn about those things in school at all. I didn't learn about saving money. I didn't learn any of that. So I would ask, based on your**

experience, is that being taught in the K to 12 system? You know, we offer some financial literacy, I think primarily through the work that you do. And I think a little bit sporadically here and, but is that a gap? Because certainly we'll hear an anecdote about young people coming into early employment or into school, don't know how to handle, Gee, I have rent pay, I have food to buy, let alone putting some money in savings. So what are we doing based on what you might know of what we're doing? And what could we be doing to make sure that that young people are prepared.

Jackie Nguyen: That is a very loaded question. So the most common statement I always get when I meet clients is I wish they taught me this in school hands down. That is the most common statement that clients make. And then as a parent they said, I wish my kids can start learning this. So then, right now the education system and I, I'm not an expert on how the education system is, but there's definitely a need for courses on personal finance and just being able to just have that financial literacy. To me, financial literacy is just kind of like your foundation. It's understanding personal finances, concepts so that you can make an informed decision. And throughout your life you're going to build on that literacy to build confidence and that so you can make great decisions so that you can finally achieve financial wellness.

Jackie Nguyen: So to me, that's kind of the, the trying, the building blocks. So right now there are certain schools that are doing something internal where at ATB they do have a, what's the programs, junior ATB program where the school partnership with ATB location and the students there and they're in grade five, six. Actually we'll learn about banking and assume banking roles such as your CEO and your marketing people and tellers and all of those things to have them first be introduced to banking, which is an awesome program, but it's only certain school that would participate that would want to participate in that. So it's optional. So it's not mandatory. And so I've recently, I've started having this conversation. It's like, you know, if we want our students to be prepared in life then we need to make sure some of these things are being taught in school.

Jackie Nguyen: And to me there's kind of three opportunities that we can get our students, you know at that elementary level, grade six by then most of them should have a very basic youth account bank account that their parents opened for them that they're starting to transact on, but not really because their parents are still being the main signing authority and then at that junior high level where now they might have a part time job. I'm working as they get prepared into high school and that that time they're starting to think about university student loans. So then at the grade nine mark is to have something to make sure that they understand the concept of credit. You know what credit is because I'm going to need it, need to understand it when I start borrowing money to finance my university or post-secondary. And then at that grade 12 mark again, you are now becoming an adult.

Jackie Nguyen: Most of you are going to leave home for the first time to pursue your education. You're going to be on your own, you're going to potentially share with roommates. So budgeting is important and managing the student loan debt that you've have. And to kind of build on that continue foundation because right now some of the students I see, it's their first year here and they've already wrecked their credit. So they've already got a collection item and I'm just my heart goes out to them because it's cell phones, cell phones are notorious because it would impact a student tremendously when they have a collection item from a cell phone company that they cannot pay off and it affects their ability to get their first credit card. And you know, all the banks, we have a student program where we would grant a student a credit card, $500 as the starting limit for them to start building their credit.

Jodi Abbott: What's important in building your credit? So I have my first credit card. I've never had one before. Tell me what I should and shouldn't do.

Jackie Nguyen: Yes, I always like to tell them and Kinda threaten them. Your first credit card, it either makes you or a breaks you. And so what we want to do is we spend a lot of time on how to use it. So your credit card, it's meant for you to use to build credit. Having it and just not use it at all does it make, doesn't help you. So you need to demonstrate your ability to manage your money by using it and by making payment, making the payment is crucial. So if you were to have a $500 credit limit, you go out and you spend $200 the goal is that when you get a credit card statement is to pay off the full $200 therefore the benefit to you as you don't have to pay typically 19.99% interest.

Jackie Nguyen: And then it builds great credit because you're making the full payment, it gets reported to the credit bureau agency, Equifax, that you've made your full payment and you continue to do that. And within a short period of time, you have now demonstrated to the banks that you can manage your credit by using it and paying it off.

Jodi Abbott: And so how so how important is that establishing your credit early on when you're maybe 30, 25 buying your first house and getting a mortgage?

Jackie Nguyen: It is absolutely crucial because the two things that banks look for is credit and your income. Have you demonstrated the ability to honor your debts based on your historical information and does your existing income support you by taking on this additional debt? So if you were, if you turn 18 get your first credit card cause you qualify for student credit card, demonstrate that you can use it responsibly by not just making the minimum payment.

Jackie Nguyen: I've seen countless students would come to me and make just a $10 payment and I said that's great that you're making your payment. However it does not improve your credit history because you're just making the minimum payments. And if you're constantly at the maximum $500 level, you're not improving because you have never brought it down enough. I always recommend 60 to 70% if you need to carry a balance, aim to only carry 60 to 70% based on your credit limit. So if you have a $500 credit card, if you have to carry a balance, 70% of that, it's about 300, 350. If you go more than that, then the credit bureau is going to rate you as high revolving use of revolving credit cause you're constantly at the top.

Jodi Abbott: So, so really it's, if you're in that situation, you're not a good risk to the bank. Is that correct? Because there's a chance you won't be able to make the next payment or you may never make the full payment because you're always up at the top. And

that's I think, an important distinction because some people, I think the word minimum people think, okay, I only have to pay that $10 minimum every month and I'll be okay. And, it's good education for people to understand, no, you should really be at 70 or full payment every month because then you're, you're building trust with a creditor that you're actually able to pay back what you have in essence borrowed.

Jackie Nguyen: Yes for sure. And if you were to be able to manage that debt great at 18 and you've started working and maybe you needed a vehicle loans, then it's going to be much easier for you to be able to ask for that vehicle loan because you've demonstrated, you know, three years or four years that you've managed your credit with this one credit card and you've built up a savings plan.

Jackie Nguyen: What I often get too is students think that they have to have more than one credit products. So they would come to me and they say, I want a credit card. And I would ask them, what's the reason? My friend told me that it's better to get two credit cards than just one. And that's wrong. You only need to build, to build great credit. You only really need a credit card for that age group. So there's misconception that the more credit I get, the better it looks for me and actuality it's actually harming you. Because every time you seek credit, there is a view of your credit bureau history, which actually will capture that history. And when we look at it, it's like, why are you going to five different places within the last 16 months? And you're getting credit cards then to us, you're credit seeking, even though you might not put a balance on it, but you're opening all these credit. And in total, if we total up, you might have $50,000 exposed.

Jodi Abbott: So then it becomes a question of why are you seeking all of this credit opportunity? In essence.

Jeff Wilson: Isn't it some of it commercialism. I know that that was one thing I've had talked to my kids. You go to a store or you go to a buy something, oh you can have our credit card and we'll give you this amount off and blah, blah, blah. And that's, that's something you have to be aware of as a consumer. That that is a product that people get paid to sell you. And, and so consequently they'll make it. So it sounds really good or offer some deal. But the reality is, I think if you went shopping you, you'd go to three or four different stores, you could in theory walk up with three or four different customer credit cards based on those, those stores and stuff. So you have to be fairly guarded about that, that you don't want to walk away with a fistful of cards. And that's different from like a Canadian tire card. You know, where you get points that that's something separate. We're talking about a Canadian tire credit card. We're talking about all these different places offer different credit cards if you sign up with a purchase.

Jackie Nguyen: Yeah. And it's at the end of the day it's still credit. And so every time you ask for credit, the credit grantor needs to check your credit bureau. And that is not always, that's not good when you're constantly being checked, your credit worthiness. And so one of the thing that I commonly see too is The Bay. So HBC, you always get these bay days, you go in, you buy and they say.

Jeff Wilson: I had a great trip sale last night, 15 percent off. I bought three shirts at 75% off.

Jodi Abbott: **And did you put on Your Bay Card?**

Jeff Wilson: **No, I use paypal but that's okay.**

Jackie Nguyen: So then they would offer you, if you were to apply to our bay card today, not only do you get x amount off your purchase and depending on the product, you might have interest free for a month or I mean for a year or something on appliances or even like something like that. At best buy, Leon's all of the furniture store or different stores, they offer you and we classify that as retail credit. So it's still a type of credit card, but it's linked to a retail store. Those ones are notorious as well because if you forgot about wait, my interest period is coming due and you, so the original intention was to get this money interest free. You forgot the due date and now the interest is now being charged and it goes back to the date of the original purchase. So then the original intention is now gone. And then you pay, but sometimes you owe a residual amount and then you forgot about it cause it's not something that you typically use. Then you have an outstanding item that's been now 30, 60, 90 days late in payments because you haven't paid it.

Jackie Nguyen: And then that's not going to help your credit know.

Jodi Abbott: **And that's gonna impact your credit.**

Jeff Wilson: **If I could just walk on this line, because I know you see them just drive down the street here, that payday loan type places. You know, I've warned my kids like, you know, I will go grab every penny in my house to give to you before you go to those locations because of the absorbent costs that are associated, which are all hidden that you don't realize.**

Jackie Nguyen: You know, payday loans for some, it could work because of, for whatever reason that has led them to that point where they cannot go to a bank and be able to deposit their check and have access to the money right away. And this is where I'm kind of torn because if I know that this, we want to, we look at a check cashing transaction, we have to make a decision right then and there, whether we would grant this client access to this cash and use it immediately before we actually get the money from the other bank. So in an essence, we're granting credit at that moment. So we have to look at the history of the client's account. You know, do they typically deposit this check? Is this an employment check? Is this something that it's part of their history that they do all every two weeks they come in and they do this.

Jackie Nguyen: If it all makes sense, then we'll absolutely grant that credit right then and there. For some individuals, if they've never walked into a bank, this is their first time opening a bank account. We can definitely deposit the check, but we just, we wouldn't be able to release that money.

Jodi Abbott: **Til you know that the money is there.**

Jackie Nguyen: Yes. And then so that they need history, take stablish history with the bank. So then it's hard for some where you know, their rent is due and they need this right away and I get it because they've worked hard to get this money and they need it. At the same time, we also have to make a risk decision. And so payday loans then those are the type of clients that they would get, is to go and to get access to the money.

Jackie Nguyen: We do definitely, depending on the circumstance, we'll do our best to make sure that we, as long as we verify this client does work here and if it's a big well known company then chances are the check is legitimate. So we do grant credit right then and there. I know that there's talks about from at the regulatory level is to shorten that processing time, that clearing time from one bank to the next so that we don't need to hold five business days. Maybe we can just do three. But it's more of a bigger infrastructure, how checks clear nowadays. And of course, if a client has a direct deposit from their company, it goes in like cash. So of course there's no hold on that,

Jeff Wilson: That was my next question cause that's a, you know, for a person, a student who's never had this, they get told, hey, bring us in the information of your bank account. And they go, I don't know what you're talking about. You know, normally they can get a form from you that you filled all the bank information, they send it off and then they give that to their employer's HR section and then they take that and do direct deposit. It's, that's the way to go rather than getting a check.

Jackie Nguyen: Yeah. And I think more companies are doing that. It's, it's more so the smaller companies that still write manual checks and that's when it's going to take a little bit longer time to process. And you know what, if clients have can wait, then certainly establishing a relationship with a bank is much more preferred than continuously cashing your checks through payday loans.

Jeff Wilson: And I think that you, you've done a really good point cause I know I can think of throughout my life being a military, I moved all over the place that having, we actually kept the same bank and the same banker even though I hadn't lived in that city for a number of years. And I would call them and say, Hey, I got a question for you. But I stayed that relationship with that one bank for like 10 years even though for eight of it, I didn't even live in the same province. Simply because we had a relationship. I'd asked them some advice and I kept all my accounts there in the day of, you know, online banking. It didn't really matter. My pay went in, you know, directly. And I felt that that was very important because that advice about what to do at certain times cause as your life progresses you're going to have different stresses, different problems, different crisis.

Jeff Wilson: You, you know, you have a death in the family and you need to solve stuff. Or you know, like I'm just dealing with my son, you have to pay up front for dental surgery. I didn't plan to have $2,500 leave my bank account suddenly and then have to wait. And I've been fighting with one of the insurance companies to get the money for it. And it's been going on for a long time. It's really hard to have that planned into your numbers and people say, Hey, you're supposed to have 20% liquidity at. Yeah, whatever it is, that's just not reality. But as life progresses, the demands and the

needs and you need to have somebody who can go talk to, and sometimes it could be a spouse, it could be a parent, but, but ideally, you know, it should be your banker.

Jodi Abbott: **well and, and to me, even though a lot of things have moved online and we have our relationship with our computer, I think when you need credit, when you are doing the big purchase of your home or your car, having set up the relationship at the beginning with the banker, even though you may meet Jackie at the beginning and spend a bit of time with her, she has a sense of your needs and then you do everything online knowing that you can pick up the phone again to say, Jackie, I haven't been in for a while. However, you know, I've graduated now, I've paid off my student loan, I want to buy a car. You helped me at the very beginning. How do I do that? I think that relationship piece is still very, very important.**

Jackie Nguyen: Oh, absolutely. And I think that, you know, when you asked bankers, they will always say this, statistically clients are moving their day to day transactions to online. They're using their mobile phone online to do their day to day banking transactions. So foot traffic coming into the branch is decreasing, which is absolutely correct. But when it comes to more complex financial decision, having a banker that you trust and have worked with over the years is gonna be the key in making sure that you have all the financial information to make an informed decision and that there's someone there with you along the way. And that no technology at this point can take that away. That relationship.

Jeff Wilson: **Well that robot banker at some point.**

Jackie Nguyen: There, there are certain, there are what's called Robo advisors where, you know, through a series of questionnaires they would recommend what type of investments you should put in. But to me, a client's investment strategy and who they are is beyond those questionnaires. So then, you know, unless the question are becoming much more in depth, but then does the client want to fill out hundreds of questions about themselves?

Jeff Wilson: **They want to have that interpersonal relations.**

Jackie Nguyen: They want to build that relationship.

Jeff Wilson: **It's a personal thing. So in the last couple of minutes here, I think, I think we need to have your back. First of all, I think Jodi would agree. We've got to talk about investments and investment products. And stuff like that. We didn't even, we barely touched on it, but I think there's sort of round this one out. We should talk about, you're having financial issues, having financial problems, you know, what should you do? You know, you wake up one day, you're feeling that stress, I can't pay the bills. I can't do something, you know, you need to take yet you need to be proactive. And I think that's what we're going to come out and say is you need to be proactive. Don't wait until it becomes the problem where this collection agencies and everything else, as soon as you realize you're in trouble, I think you need to go into your bank. You need to go talk to your banking advisor and have a conversation.**

Jackie Nguyen: Yeah, absolutely. You know, sometimes clients feel this sense of I'm coming to an institution, I don't want to come into there. There's a sense of nervousness coming to a bank and saying, I'm in trouble and I need help. But in fact, you know what, that's what we're here for is because from, you know, a perspective of just profit for example, is we want clients to be able to continue to make their payments on loans and credit that they have with us. So from a profitability standpoint, it makes sense for us to continue that. But in a greater standpoint from a social standpoint is that we have fiduciary responsibility to our clients. And so if a client is experiencing financial distress is the first step is to come to the bank right away. And to your point, Jeff is not, wait until it's too late.

Jackie Nguyen: If you're feeling a sense that I can't meet my current obligations right now, then that's really the trigger for you to come in, to just review your finances and to have someone that just takes the time to look at your finances. And you know, as much as I know about my client, I'm still a very, I'm a neutral party. I don't know all of everything about them. So then having a neutral party give you advice based on what they observe based on their, the transaction in your account and how you do your banking will hopefully make the, make an impact versus talking to a friend. A friend might know you beyond that level. And then the friends advice, although with great intention might not really have the heart to say what's really wrong and ask the asking the difficult question like why are you based on this transaction history? I see your spending and here is the calculation, $500 on things that you don't have that you don't need. Help me understand. So sometimes we do ask the difficult questions and then making sure that we have a plan in place and sometimes there might not be a plan in place. And then we also have a relationship with money mentors as well. So then you know if a client still has great and you know, still works, they are just finding themselves, they can qualify through the normal route with the banks to consolidate all of their debts that they're paying. High interest rate that money mentors through their orderly debt payment program, kind of consolidate all of that together and you pay a 5% interest rate. So we have certain partnerships throughout the community that we can refer clients to. But the the biggest, the biggest thing that I find that's preventing a client from making those changes is that it needs to start with them if they can, if they are not being honest with themselves that I need a change and I'm going to commit to a plan, then it's never going to happen. And I've seen both ways. I've seen clients that come in to meet with me and lay out, this is everything I'm dealing with Jackie, I need help and I'm willing and I'm committed to making that change.

Jackie Nguyen: Then I would look at it and I have a plan in place. We re-structure, the finances, this is your plan. And it's a very tough plan because she needs help or she or he needs help. The plan is, it's big, but at the end of the five years, financial freedom of debt. So commitment.

Jodi Abbott: Yeah. Part of what I'm hearing too is that when you talk to your banker about it, yes there's commitment but there's also a sense, different sense of accountability because I'm telling you and I'm partly doing that because one I need help, but two, I need you to help me to be accountable. And so that's also a very positive message around a level of trust. That started at the beginning with the development of the

relationship too. I'm in trouble and I trust you enough to help me to develop the plan and help me monitor myself as I go forward. That's really good.

Jeff Wilson: **Yeah, I think that that's really good information cause you know, the person comes in, they're vulnerable at that point, you know, and they're being very vulnerable so they have to have a good relationship with you. So I think that's a great spot for us to end it. Jackie. However we will be having your back. Because I think we got, I really would like to talk about investments because I think that's alien speak to most youth and young people. And we need to change that paradigm. Make it exciting, make it interesting and understand it. And I have to admit you know, I work for a civilian company and they offered us some, some stock sharing programs and sent me this big sheet and I could make heads or tails of it, you know, I had to call our chief financial officer and say, can you explain this to me? And Oh, okay, that makes a lot of sense now, but I did not understand, you know, that type of stuff. And I'm a bit more seasoned than an 18 year old or 19 year old. So it doesn't matter how old you are whatever it is, you need to learn these skills, but I think we really should have you back. So thank you much, Jackie, for coming out. That was great and I think there's a lot of really good information in there.**

Jodi Abbott: **Thanks so much, Jackie. Jackie, I wonder, just if you could give us your contact information. So anyone interested listening to the podcast knows how to connect with the NorQuest ATB agency.**

Jackie Nguyen: Yeah, for sure. Um, so my name is Jackie. You can find to me, um, on to actually the NorQuest website is a great way to find my contact information. Go on NorQuest website, search for ATB agency, and then my direct phone number is 780-644-6668 and my email is jnguyen2@atb.com.

Jodi Abbott: **That's awesome. That's great. Thank you very much for joining us, Jackie.**

Jackie Nguyen: Thank you for having me.

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