



Financial Literacy

Participant Handbook

The wise consumer



Module 9 - The Wise Consumer**ACTIVITY SHEET 9-1, continued****Count the number of As, Bs, and Cs you circled****If you answered mostly As:**

You are a smart shopper. You think about your purchases and educate yourself before buying. You do not buy just for the sake of spending. You make the most of your shopping dollar. You know your rights as a consumer and you make sure you do not get cheated. While you may already know a lot of what this workshop covers, there is always room to learn more.

If you answered mostly Bs:

You have a good head on your shoulders when it comes to shopping. But paying a bit more attention to how you are spending your money could help you save more. You may want to learn more about your consumer rights. Perhaps you need to track your spending more often. This workshop will give you some ideas about areas where you can improve when it comes to your consumer habits.

If you answered mostly Cs:

This is a great workshop for you! You might want to rethink some of your spending and shopping habits. You could likely save money if you took the time to research deals before you buy. You also might want to learn more about your rights as a consumer to make sure you are not getting cheated. This workshop has tips that can help you improve in all these areas.

Module 9 - The Wise Consumer

HANDOUT 9-2

Advertising techniques and sales tactics

Lifestyle sales

It could be a picture of a happy family in an expensive home. Or a beautiful couple on a private yacht. These ads are selling the lifestyle shown in the ad. They lead us to believe that if we buy the product, we can have the lifestyle. This is a very common technique. In some ways, all ads could be considered lifestyle ads.

Sex appeal

We've all seen these ads. These are the ones with good-looking men or women in sexy poses. Sometimes it can be hard to tell what these ads are selling. Sometimes, the product does not even appear in the ad! But the message they send is that we will be sexy too if we buy the product.

Special deals

These are the ads urging us to "Hurry! Buy now!" because it is a "Limited time offer!" Sometimes these ads will include coupons or discount codes. But these might not be deals at all. To find real deals, it is important to shop around and compare prices. We cannot rely on the claims that an ad makes.

Star power

These are ads that use celebrities to sell their product. They're also known as 'celebrity endorsements'. Famous people are paid a lot of money to appear in these ads. The hope is that if we like and trust the celebrity, we will buy the product they endorse. Many celebrities never use the products they promote.

Science and statistics

Is there a doctor or a scientist in the ad? Often these 'experts' are really actors and models. Does the ad use numbers and percentages, or make claims about research? These statistics might only be part of the whole story. These ads appear to be scientific, but they may not be based on real science. Always look for the 'fine print' in an ad like this.

Better than

These ads claim that their product is better than their competitors. The famous 'Coke versus Pepsi' ads are an example of this. These ads rarely say how or why their product is better, other than that people (usually actors) like it more.

Put downs

Ads sometimes try to make us feel bad and then try to sell us something. They tell us we are too fat, too old, too dull, that our house is too dirty, our car is too old. Then they tell us how their product will improve our lives. But will it?

'Weasel' words

Advertisers are not allowed to outright lie. But they can twist words around or use language that misleads. When an ad for sugary cereal tells us it is "part of a healthy breakfast", they are not telling us about the other, more healthy part of that breakfast. Certain words and terms are used so much in advertising that they do not really mean anything anymore. For instance, now there are so many products that claim to be 'green' or environmentally friendly. Just what do they mean by 'green'?

Module 9 - The Wise Consumer**ACTIVITY SHEET 9-2, continued****Safety and security**

All of us have a basic need to feel safe and secure. Ads will often play on this need by claiming that their product will make our lives more secure. Ads for insurance and certain car safety features do this. Worse, some ads claim that we could be in danger without it. Home security systems are experts at this technique. These ads often prey on parents and their deep need to keep their children safe.

'Bandwagon' appeal

We also have a basic need to feel that we belong. Bandwagon appeal ads tell us that if we don't buy something, we will be left out. These ads often target children and teens, who have a very strong need to belong. But advertisers also know that young people are very media aware. They may use the bandwagon message in ways that are hard to see.

Sales tactics to watch for

- › They offer one very low cost item to get you into the store, so you will then also buy other goods.
- › They ask you questions about yourself and then offer a range of products they think you may buy.
- › They compliment you. For instance, they tell you how great something looks on you, or what great taste you have.
- › They try to convince you that you need the product.
- › They 'up sell' you. This means they try to convince you that you will need extra features for the product you are buying.
- › They throw in free items. This can sometimes seem like a good deal. But are these items of good quality? Will you use them?
- › They rush you. They tell you someone else wants to buy it, or you can only get it right now, "Today only!"
- › They make you feel guilty or bad for not buying.

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HANDOUT 9-3

Smart shopping tips

Have a plan

Try to avoid unplanned shopping or impulse buying. If you want to buy something, ask yourself if you really need it. Take your time to think about it before you buy. And when you shop, make a list. Planning your shopping will help you avoid purchases that you do not need.

Compare, compare, compare

When you take time to plan before you shop, you can compare products to find the best deal. Before buying, do some research. Go to different stores to see if you can get a better price. Look on the internet for customer reviews to find out if other people were happy with the product. See if there is another product out there that is just as good, less expensive. The more you know, the more power you have as a consumer.

Look at unit prices

In Canada, we buy gas by the litre. This cost of a litre of gas is an example of a unit price. It is the amount something costs by a certain unit of measurement. Products can be measured by all kinds of units: grams, kilograms, pounds, ounces, yards, feet, litres, millilitres, and so on. Grocery stores are required to post unit prices below many items on their shelves. To compare products and know if we are getting a good deal, it helps to figure out how much something costs per unit. We will practice this later in the workshop.

Buy on sale

Watch for sales and discounts. If something you use often is on sale, buy extra. You will be paying less in the long run. Check store flyers for coupons, discount codes, and special offers. Get to know the sales cycles in the stores you shop at regularly. Many items go on sale at the end of a season. This might be a good time to buy the things you need.

'Sale' does not always mean 'good deal'

Sometimes the sale being advertised is not a sale at all. There may be even better deals out there that are not being advertised that way. Also, just because something is on sale, does not mean you need to stock up. Buying on sale only makes sense if you will use the product. Keep this in mind when buying food that will go bad. Make sure that you will be able to use it all before it expires or goes to waste.

Read the fine print

Make sure that you know all about the product or service you are buying before you pay any money or sign your name to any agreement. Are there any hidden fees? Does the product come with a warranty? This is a guarantee that a product will meet certain standards, and will be replaced if it does not. To get the warranty, do you have to mail in a form? Does the store have refund or return policies?

Module 9 - The Wise Consumer**HANDOUT 9-3, continued****Ask questions**

If there is any policy or anything in the fine print that you do not understand, ask questions. Salespeople should be there to help you. It is your money. You should not spend it unless you believe that you are getting something of value for it.

Keep your receipts

Keeping your receipts can be helpful for a lot of reasons. You can go over your receipts to make sure you were not overcharged, or charged for something that you did not get. Reviewing your receipts is also a good way to keep track of your expenses. Also, most stores require a receipt for a refund, return, or exchange.

Try alternative shopping

Thrift stores, flea markets, and yard sales can be great places to find great deals. There are also many websites where people sell their used items at a low cost. These are called 'online classifieds'. When buying used goods, be sure to inspect them carefully. Make sure that they are in good, working condition. Most private sellers do not offer refunds.

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ACTIVITY SHEET 9-4

Find the better deal

Figure out which is the better deal by calculating the unit cost.

Question 1 - Canned Pop:



a) 99¢ for 1 can



or b) \$8 for 12 cans

Question 2 – Socks:



a) \$3.75 for 3 pairs

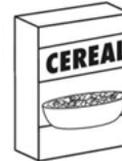


or b) \$12.50 for 8 pairs

Question 3 – Cereal:



a) \$3.75 for 675 grams



or b) \$2.50 for 350 grams

Question 4 – Soup:



a) \$1.69 for 19 ounces



or b) \$1.39 for 16 ounces

Module 9 - The Wise Consumer**HANDOUT 9-5****Cell Phone Information****Step 1 – Cell phone basics**

Coverage: This means the geographic areas that the cell phone will work in. Not all service providers cover the same areas. Some rural areas have limited coverage.

Add-On fees: Most service providers have a basic fee for service (system access fee) and a fee for being able to access 911.

Step 2 – Minutes and data

Most service providers charge you by how many minutes you use on the phone. Some plans have cheaper rates for making calls at certain times. Most are cheaper during evenings or weekends, but the times vary by provider. For instance, “evenings” may start at 6 p.m. for one company and 9 p.m. for another. Some providers offer a flat fee to have your evenings start earlier. Most offer a fee for unlimited minutes.

Service providers also offer plans for texting and data. Text messaging can be unlimited or charged per text sent AND received. Data is used when sending and receiving email or using the Internet. You can get plans that include all of these, or you can pay for them separately.

Step 3 – Features

Long distance: Long distance phone calls are usually charged by the minute. These minutes are not included in regular evening and weekend minute plans. Different service providers offer different rates for calling long distance. Some offer flat fees for people who make frequent long distance calls.

Roaming: Roaming is a service that allows you to use your cell phone outside of your regular coverage area. There are roaming charges for incoming and outgoing phone calls, text message, and emails. These charges can be expensive.

Call display: Call display allows you to see who is calling before you pick up.

Voicemail: Voicemail allows people calling you to leave a recorded message on your phone. Voicemail plans vary from a completely unlimited number of voicemails to one or two voicemails.

Call waiting: Call waiting is a notification that occurs if someone calls while you are on the phone.

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HANDOUT 9-5, continued

Applications and games: There are all kinds of games and ‘apps’ that users can download to their cell phone. Some are free. Some you have to pay for only when you download. Some charge you every time you use them.

It can be expensive to have a cell phone if you do not understand how your plan works and what it covers. For instance, some people use more minutes, data and long distance than their plan allows for. They end up paying extra fees. Some people spend a lot on roaming because they are often out of their coverage area. When it comes to cell phones, small costs can really add up.

When choosing a plan and features, the key is to ask lots of questions. Make sure you know what each of these features are, how much they cost, whether you need them, and how much you will use them.

Step 4 - The cell phone

There are many options for cell phones at a wide range of costs. The cost of the phone is often tied to how long your contract is. If you sign up for a longer contract, you usually get the phone at a lower cost or free. Some things to think about are phone size and weight, battery life, durability, keypad, and screen size. Do you need a fancy phone with all kinds of features, or will a basic phone do?

Step 5 – Prepaid cards or contracts?

Most service providers offer the option of prepaid cards or contracts. With prepaid cards, you buy a set amount of minutes and use your phone until they run out. Contracts are longer term; you have a regular monthly plan for a set period of time. There are advantages and disadvantages to both (see the chart for details).

Step 6 – Your cell phone bill

It is important to review your bill to make sure that your plan is working for you. Make sure you are not paying for services that you do not use. If you are going over your minutes, have a lot of long distance, roaming, or text messaging charges, maybe there is a better plan for you.

Taking the time to go through all the steps on the checklist will help you to find the cell phone plan that meets your needs at the lowest cost you can get.

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ACTIVITY SHEET 9-6, continued
Step 3 - Features
Long distance:

Will you use the cell phone for long distance?

How many minutes?

Roaming:

Will you use your cell phone when you travel?

How often are you out of your coverage area?

Do you think you will need:

Caller ID or call display?

Voicemail?

Call waiting?

Applications or games?

Other features?

Step 4 - The cell phone

- › **Battery life** – How many hours will the battery last before it needs to be recharged? How often will it need to be replaced?
- › **Durability** – Is the phone fragile or can it handle wear and tear?
- › **Keypad** – Is it easy to use?
- › **Screen** – Is it easy to see?
- › **Size** – How big is the phone? How heavy is it?
- › **Other** – Are there other things that are important to you in a cell phone?

Step 5 – Prepaid Cards or Contract?

Prepaid Cards:

Advantages

- › Can pay in advance, no unexpected charges
- › No long-term commitments
- › Can stop using phone without fees or charges
- › Convenience; can buy cards at many stores without a credit card

Drawbacks

- › Higher costs per minute than contracts
- › Minutes expire after 30 days
- › Have to buy new minutes before expiry date or you lose minutes you paid for
- › Have to keep track of minutes so you don't run out

Contracts:

Advantages

- › Can check bill to review use
- › Can get reduced price on cell phone
- › Can choose a plan that best suits you
- › May be able to bundle with other services to get discounts

Drawbacks

- › Contract is long-term, there are penalties for breaking them
- › Contract means on-going financial expense
- › Can't update cell phone frequently
- › If you use more minutes than the plan allows, there can be costly charges.

Step 6 – Your Cell Phone Bill

Are you using your minutes as you expected?

Are your long distance charges high?

Are you sending and receiving text messages as much as you expected?

Would you be better off with a prepaid card or different service provider when your contract ends?

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HANDOUT 9-7

Common frauds and scams

Foreign scams

Foreign scams often involve a letter or email that claims to be an investment opportunity. The Nigerian or West African business letter scam is a well-known example of this. The letter appears to be from a politician or business person seeking your banking information so they can share money with you. In fact, they use this information to steal from you or open credit cards under your name.

Telemarketing scams

Telemarketing is the sale of goods or services over the phone. Some telemarketers are annoying, but harmless. Others are selling scams. Signs of telemarketing scams include claims that you have won a prize, such as sweepstakes, travel packages, magazine subscriptions, or gym memberships. Check out the company before you agree to anything. Do not share your credit card or banking information with a telemarketer.

Advance fee scams

These are scams where some kind of service or benefit is offered, but you have to pay before receiving anything. In many cases, you end up paying and getting nothing in return. This is common with guaranteed loans, debt consolidation, and credit repair services. A non profit credit counsellor will not ask for fees in advance of providing a debt management program.

Debit card fraud

There are many forms of debit card fraud. They all involve stealing your money and banking information. Common scams include:

- › stealing your card and PIN
- › setting up devices to jam your card in ATMs
- › “skimming” which means using a device that can find out your banking information through the magnetic strip on your card
- › fake ATMs that collect your card and PIN information.

For some kinds of debit card fraud, your bank will not cover the money stolen. For example, they will not cover the money if they think that you did not protect your PIN as you should. Make sure that you keep your banking information and PIN secret. Do not share this information with anyone.

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HANDOUT 9-7, CONTINUED

Credit card fraud

Some scams use your stolen credit card to make purchases. Some use the card to steal your identity and open more credit under your name. Review your credit card statements to make sure that all the purchases are yours. If your card is stolen and you report it right away, under law you can only be held responsible for up to \$50.

Toll-Free, text Message and international call scams

These are scams where you are charged a fee for calling or text messaging a number. Often TV ads will urge you to call or text for a product or service. But it is not always clear that there can be costly charges just for making the call. Some phone numbers might seem like they are local, but they are in fact international. Always find out if there are charges before calling or texting.

Calling card scams

These scams target people who often make long-distance calls. Many of these scams have large fees up front when you buy the card. Or they may charge you for a certain number of minutes, but cut your calls off before you have used your minutes up. Buy calling cards only from companies you know and trust.

Work-at-home

Some jobs are advertised as opportunities to make money while you work from home. But in many cases, you never get paid for your work. Common types of jobs that fall under this scam are envelope stuffing, data entry, assembling crafts, and posting ads and flyers. Make sure you research the job and the company well before you take a job like this.

Module 9 - The Wise Consumer**HANDOUT 9-8****Dealing with consumer problems****Speak to a manager**

If you are unhappy with a product or service and you feel that the person you are dealing with is not helpful, you can always ask to speak to a manager or other person they report to. Often, consumer issues are resolved on the spot, face-to-face. The best approach is to be calm and polite, but firm. Describe your problem and explain what you would like the company to do for you.

Call Customer Service

Many businesses have Customer Service departments. If a manager is not able to solve your problem, ask them for the company's Customer Service telephone number. Before you call, write down all the details of your concern. That includes your problem, the date it happened, the names of the people you dealt with, and what was said. When speaking to a customer service agent, make sure to get their name as well and write down the details of your conversation.

Keep a file

Start a file where you keep all the details about the matter. That includes a description of your problem and what action you've taken, receipts or warranties, the names and contact information of the people you speak to, important dates, and what was said in any conversations.

Write a letter

If a call to customer service does not solve your problem, write a letter. Use all the materials in your file as evidence to support your claim. Address the letter to a general manager, owner, or head of customer service. Keep a copy in your file.

Contact a consumer agency

If none of this works, you can contact a consumer protection agency. Each province has them. They are in charge of protecting consumers and dealing with consumer problems. For a list, go to www.consumerhandbook.ca. These agencies can tell you what your rights are and the best action to take.

Legal action

Going to court should be your last option. It is time-consuming and expensive. There are often time limits to filing lawsuits. Before you take any action, consult with a lawyer to learn more about the laws in your province.

Module 9 - The Wise Consumer**ACTIVITY SHEET 9-9****Complaint letter**

Fill in the blanks

Dear Mr./Ms(name)_____:

Re: Deficient Product

On (date)_____, I bought a (item)_____ from your store in (location) _____
_____ sold to me by your salesperson, (name)_____. Unfortunately your
product has not performed well. I am disappointed because (problem with the item) _____
_____.

To correct this problem, I am requesting that you (an action such as repair, replace or refund) _____
_____.

I enclose copies of my records, including my receipt of purchase and the product warranty. I will wait
(# of days)_____ days to hear from back from you, after which I will seek help from a
consumer protection agency.

You can contact me at the address, telephone and email contact listed above. My preferred method of
contact is (method of contact) _____.

I look forward to your reply and hope we can resolve this problem quickly.

Sincerely,

(Your name)_____

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ACTIVITY SHEET 9-10

Rate Your Financial Knowledge, Part 2

Rate yourself on a scale from 1 (low) to 10 (high).

Skill or knowledge area	Rating 1-10
I keep track of my income and expenses each month.	
I find ways to save money for things I want to buy.	
I have clear financial goals for my future.	
I think about my purchases before I buy them. I know what my priorities are.	
I know what to think about when choosing a bank account.	
I understand the details of the bank account and banking services I currently use.	
I understand the concept of compound interest.	
I understand what a credit report is.	
I know how to increase my credit score.	
I know what the interest rate is on my credit card and how it is calculated monthly.	
I can figure out how much money I will actually pay for an item I buy on credit, including the interest.	
I know some ways to reduce my debt.	
There are certain things a collection agent can and cannot do. I know what my rights are.	
I know where to go to get advice about money management.	
I can recognize a scam or fraud.	
I know some of the techniques advertisers use to get me to buy their products.	
I feel my math skills are strong enough to manage my money.	
I feel confident in my ability to manage my money.	

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ACTIVITY SHEET 9-11

Goal-setting

Example:

Goal: Get the best deal I can on my cell phone	When?
Tasks: › Research current cell phone offers. › Review my cell phone bills from the last few months. › Phone my cell phone provider. Ask if there are different features available that would save me money.	Saturday
	Wednesday
	Friday

1. Goal:	
Tasks:	When?

2. Goal:	
Tasks:	When?

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HANDOUT 9-12

Resources

Canadian Consumer Handbook www.consumerhandbook.ca

Offers a wealth of information on consumer topics including consumer rights and complaint procedures.

Canada Office of Consumer Affairs www.consumer.ic.gc.ca

Practical tools and information to help protect consumers.

Consumer Reports www.consumerreports.org

Provides independent product reviews and information.

Consumer protection authorities across Canada

British Columbia Consumer Protection BC www.consumerprotectionbc.ca

Alberta Service Alberta www.servicealberta.gov.ab.ca

Saskatchewan Consumer Protection Branch www.justice.gov.sk.ca/cpb

Manitoba Consumer's Bureau www.gov.mb.ca/finance/cca/consumb

Ontario Ministry of Consumer Services www.sse.gov.on.ca/mcs/en/Pages/default.aspx

Quebec Office de la protection du consommateur www.opc.gouv.qc.ca

New Brunswick Consumer Affairs www.gnb.ca/0062/rentalsman/index-e.asp

Nova Scotia Service Nova Scotia and Municipal Relations www.gov.ns.ca/snsmr

Prince Edward Island Consumer Services www.gov.pe.ca/jps/index.php3?number=1002799&lang=E

Newfoundland and Labrador Trade Practices Division www.gs.gov.nl.ca/cca/tp

NWT Consumer Affairs www.maca.gov.nt.ca/operations/consumer_affairs/iindex.html

Yukon Consumer Services www.community.gov.yk.ca/consumer

Nunavut Consumer Affairs Toll Free: 1-866-223-8139

Consumer advocates

Consumer's Association of Canada www.consumer.ca

Consumer Council of Canada www.consumercouncil.com

Public Interest Advocacy Centre www.piac.ca

Module 9 - The Wise Consumer**HANDOUT 9-13****Glossary**

bandwagon: This comes from the phrase “jump on the bandwagon” – when everyone joined in and danced at a parade. We use this phrase to mean joining in something so that we feel that we belong – buying a product that everyone has, for example.

calculate: To figure something out using math such as adding, subtracting, multiplying, or dividing

celebrity endorsement: An ad that makes us want to buy a product because a famous person uses it (or says they use it).

consumer: A person who buys goods or services

consumerism: First used to describe the rights of consumers, this word is used now to describe the way we are always thinking about buying things in our society.

fine print: A term used to describe the conditions, terms, rules, and warnings that appear at the end of an ad in very small print. Smart consumers make sure they understand the fine print before making a purchase.

impulse buying: Buying something that you did not plan to buy and that you likely do not need. Some people buy things on impulse to cheer themselves up, but this can lead them away from their financial plan and into debt.

online classifieds: Websites where people sell their used items at a low cost purchasing pattern

sales cycles: Times of the year when things go on sale in a store. This is often at the end of a season.

shopping strategy: A careful plan you make to guide you in your shopping decisions

subconscious: The part of the mind that learns things we are not aware of. Repeated advertising can get through to our subconscious minds

unit price: The amount something costs by a certain unit of measurement. For instance, we buy gas by the litre. The cost of a litre of gas is an example of a unit price.

warranty: A guarantee that a product will meet certain standards, and will be replaced if it does not. To get the warranty, you may have to mail in a form.