

How About You?



Making enough money to enjoy life is a challenge for almost everyone. Let's take a look at the different sources of income you may be able to acquire.

At what age would you hope to be “financially independent?” How much money do you think you would have to earn from your savings, investments, etc., in a year, to be financially independent? How might you start to plan to achieve that goal?

Employment Income: Working for Others

Wages and Salaries

Most of us will earn income by working for others – a company, a government, a not-for-profit organization, and so on. Through education, training, and experience, people aim to develop a particular talent or skill while, at the same time, developing general “employability skills” (see the chart at the end of the module) and “enterprising skills” (see the module on entrepreneurship).

Employability skills are those general skills that can help you get, and keep, a job. Enterprising skills can be developed and applied by anyone – whether they work for others or themselves. Such skills include being able to identify opportunities for improvement, taking the lead and initiative, being creative, being a team leader, etc. Such skills are often attractive to an employer.

Equipped with education, training, skills, and the “right attitudes,” the aim for most people is to get as good a job as they can. And people differ in what they see as a “good job.” Some might want to get the highest wage or salary they can (a wage is paid hourly whereas a salary is paid on the basis of one year's work). Some might want to work with others – helping people. Some may want to work outdoors. Some may want a job that involves travel.

*Take Action.
Take Control!*



If you hope to be a leader in the workplace, it can help to develop your enterprising skills. Enterprising people often get recognized for their ideas, initiative, team-building and team-leading skills, etc. Enterprising skills can help a person achieve leadership goals.

Think About It



How could you use the decision-making steps to make a decision about the kind of job you would like to get?

How About You?



WHAT ARE THE THINGS THAT WILL BE MOST IMPORTANT TO YOU IN YOUR JOB?

The following are some possibilities. There may be other things important to you too.

- Level of income
- Work environment
- Work as part of a team
- Opportunities to be creative
- Benefits (health, dental, pension)
- Helping others
- Learn and develop a skill/trade or expertise
- Work outdoors
- Travel
- Work in a profession
- Apply a talent you have (athlete, musician, etc.)
- Work in a particular industry (technology, entertainment, finance...)

When we decide to look for work, we enter into the “labour market.” Here, you will encounter the forces of “supply” and “demand” that, along with other influences, will affect the wage or salary paid for different kinds of work.

In any market – for goods, services, labour, stocks, bonds, etc. – there will be both sellers and buyers. In the case of the labour market, a person offering his/her services in return for an income is part of the “supply.” You, for example, would be the “seller” of your labour services as you look for a job. Employers looking to hire people and pay a wage or salary in return for labour represent the “demand.” They are the “buyers” of labour services.

In general, the higher the level of demand for a particular occupation or skill, compared with the

supply, the higher the wage or salary will be. Therefore, you would ideally want to be looking for work in an area where there is, or will be, a relatively high level of demand compared with supply.

This is a challenge young people face when they are planning their education, training, and career. For example, as you are in your last stages of high school, you may do research and find there seems to be a high level of demand for teachers. It looks to you like the chances of getting a teaching job might be quite good.

But the challenge is to look beyond the situation today. You have to look ahead to when you will be a teacher – and looking for a job. What are the job prospects like in four or five years? Will there still be a high level of demand for teachers then?

It is important to consider the labour market conditions for occupations that interest you – both today and in the future. You can do this by researching some of the “labour market information” (LMI) that is available on the Internet. The federal government, provincial governments, business associations, professional associations, and others will often have LMI available. Governments and employers are anxious to help young people know about labour conditions – and which occupations are going to be needing workers.

Think About It



What are some of the jobs that you think are “in demand” today? What jobs may increase in demand in the future? For what jobs today might there be a decline in demand in the future?

*Take Action.
Take Control!*



Try and use available “LMI” to help you pick the occupation, profession, or trade that is of most interest to you. There is lots of information that you will be able to find about different occupations and careers – and what the job prospects are likely to be in the future. Use it to help you decide.

Today, Canada has a skilled labour shortage – and the shortages will likely increase in the future. Many jobs requiring the skilled trades go unfilled. Many young people could do well if they went into the skilled trades and apprenticeship programs.

In addition, the “post war baby boom” is reaching retirement age. There will be a large number of jobs opening up – that is, if the “baby boomers” have done their planning and are able to retire.

Therefore, there should be some good job opportunities available for today’s youth. The key is to do your homework, learn about where job opportunities are (and will be) and factor this information into your career planning.

But there is something else that is very important to consider. Research has shown that one of the most important keys to career success is “passion” – doing what you love to do. So if there is something you love to do – something for which you have a passion – don’t be afraid to go with your heart. If you have always wanted to be a teacher – and the LMI you find shows demand may not be strong – or the supply may be high – don’t let that stop you. If you love it, want to do it, and have a passion for it – go for it. The chances are you will be good at it, will find a job, and will be happy in your work.

How About You?



Is there a particular kind of work for which you have a passion? Do you have an interest or hobby that you could turn into a career?



In addition to supply and demand, there are other factors that can also influence job opportunities and wages and salaries. Let's take a look at these.

Factors That Can Influence Job Prospects – and Your Wage or Salary

- the level of education, training, and experience that is required to do a particular job – and the level you have acquired
- the number of others who have similar or better skills who can compete with you for a job
- how good you are at what you do
- how long you have been working – your experience, your “seniority”
- your work habits, reliability, dependability, perseverance
- the state of the economy and whether businesses are growing or struggling
- government legislation such as setting levels for the “minimum wage”
- the impact of unions on the wages that are negotiated for certain jobs
- the region in which you live and work and the labour market conditions in that region
- the profitability and success of the particular company or organization for which you work
- luck and chance – do you happen to be at the right place at the right time or the wrong place at the wrong time? There are a great many careers that were a result of “happenstance” or “serendipity”

There are, of course, other factors that can affect job opportunities and incomes. For example, in many cases women are still paid at lower levels than their male counterparts. There may also be discrimination on the basis of age, race, or colour. Authorities, in many cases, are trying to prevent situations of wage discrimination based on sex, age, race, and colour. But some cases of inequity and workplace prejudice still exist and pose challenges to some.

Think About It



What are some of the factors that would likely influence the job opportunities and salary of a professional hockey player, a dentist, an actor, an electrician, a computer programmer, or a journalist?

Other Benefits from Employers

When you work as an employee for a company, other benefits may be provided in addition to your wage or salary. It is certainly not the case that all companies offer attractive benefits packages. Benefits packages vary a great deal from company to company, industry to industry, and even occupation to occupation. Since they can be quite significant, you should ask about the benefits that may be available to you from a particular occupation – or a particular employer.

The possible benefits that may be available from an employer can include the following:

- paid vacation holidays
- paid sick days
- paid provincial government medical premiums (covering your health insurance)
- extended health care insurance
- disability income insurance (short-term and long-term) – which can provide some income if you become ill or disabled
- life insurance
- dental insurance
- profit sharing (employees receive a share of the company's profits)
- payroll savings plan (convenient plan to help you build up savings)
- stock option purchase (become a part owner of the company through owning some shares in the company)
- registered pension plan (to help build a retirement fund)
- group registered retirement savings plan
- educational expense reimbursement (to cover costs of additional education and training)
- provision of an automobile or funds for travel expenses
- benefits for a spouse
- access to financial advice
- company pension program

Learn About



Find information online, from a financial institution, or a family member, about RRSPs and RESPs. These may be of interest to you in saving for education or retirement.

We should say a little more about this last point. It is becoming less common for companies to provide a pension for employees. It is more common to encourage employees to set up a “Registered Retirement Savings Plan” – and the employer may make a contribution to the plan. For example, the employer may match your contribution to your RRSP up to a certain maximum amount. Or the employer may contribute the equivalent of 5% of your salary to your RRSP. There are different kinds of plans and possibilities. Make sure you ask your employer about this.

In addition, if the company does offer a pension plan, it is more likely to be a “defined contribution plan.” In the past, some companies offered “defined benefit plans.” These latter plans set an amount that you would receive monthly or yearly when you retire. Few companies offer these plans any more.

For a “defined contribution plan,” the company tells you how much it will contribute to your plan – not how much you will receive when you retire. How much you will receive will depend on how the money in the plan is invested – and how well those invest-

ments perform. Most Canadians have to take more responsibility for planning for their retirement than they used to. Planning and money management skills are becoming more and more important. You will probably be involved in many, if not all, of the decisions about how your savings will be invested. As with any investment, you can make money – or lose money. Planning for retirement is a major responsibility and challenge for most Canadians.

Now, at a young age, you may not be thinking much about retirement – but try and give it some thought. When you start working, or if you are working, company benefits may help a lot. And the earlier you start to build up savings, the more likely you will be able to enjoy your retirement when you get there.

How About You?



Calculate the approximate income you have received in your life so far. Consider the following sources from which you may have received money.

- Allowances
- Investment Income
- Gifts
- Employment Income
- Business Income
- Awards
- Inheritances

Self-Employment: Working For Yourself

In another module, we explore working for yourself and being an entrepreneur. An entrepreneur is someone who, in order to accomplish his/her goals, sets up and operates a venture. In many cases, this means starting a business. There are thousands of Canadians who have set up and run their own businesses. It is an attractive option for those who can make it work. But a great deal of thought and planning must go into setting up a business – and a lot of hard work is required once it is up and running. So it's not for everyone.

If you set up a business, and run it successfully, your reward is “profit.” Your profit is what is left over after you add up all your revenue from sales and subtract all of your costs to run the business. If that final total comes out positive, you earn an income – profit. If it comes out negative, you have a loss. That is why there is risk involved in being an entrepreneur.

Most of today's large companies started out small and were started by one or more entrepreneurs. Over time, though, as a business grows and requires more money for expansion and improve-

ment, the original entrepreneur(s) may sell shares of ownership to raise the additional funds needed for growth. Eventually, the original entrepreneur(s) may sell all of his/her/their shares of ownership. In this way, large companies often become owned by a large number of shareholders.

Shareholders are people who invest part of their financial resources in shares of the company. As shareholders, they receive a share of profits – called dividends. Each shareholder receives a share of the profits of the company or corporation according to the number of shares owned. If the company is a “publicly traded company,” shareholders can buy and sell their shares on the stock exchange. More on that in a moment.

You may someday set up and operate your own business – or you may already have done so. If the company makes a profit, you earn an income. If you have other shareholders, and share your profits with them, they will earn dividends. So “profit” and “dividends” are two other forms of income.