



Money Talks Booklet

KPMG in the Cayman Islands



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1 Why does money matter?

Money helps support you and your loved ones

Unfortunately, life today is expensive – the older you get, the more expenses you will have.

It is important to plan and make sure you have enough money to support yourself and your loved ones.

Money helps you give back to those close to you and around you

The only way you can have excess money to give back and help those close to you and around you, are by managing and being on top of your own finances first.

It is a privilege to be able to give back – do not take it for granted or waste it!

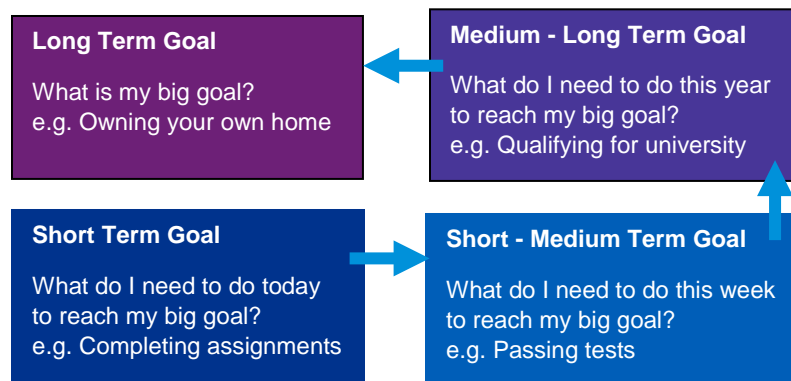


2 Goal setting

Why are goals important?

Example: Do you need to prepare to be self-reliant in the future and earn money to support yourself and family?

**If YES – How?
HOW = GOALS**



How do you make your Big Goal achievable?

Make them SMART goals and use these tips:

- 1 **Time Bound:** Break down your goal into short term achievable goals (A timeline for your goal is important).
- 2 **Specific/Attainable:** Research what financial resources you need (how much \$); what relationship resources you need (who do you need to know); and what personal resources you need (what skills and knowledge do you need) to achieve your goals and work on these!
- 3 **Measurable:** After every success in short term goal – reward yourself and celebrate – you deserve it!
e.g. For every 45 - 60 minutes of studying = 5 - 10 minutes of video games or social media
- 4 **Attainable:** Make every step in your journey enjoyable so you keep motivated for long term goal.
e.g. Listen to music while studying, if suitable for you, or study with a friend
- 5 **Attainable:** Share your goals with those you trust (e.g. friends/family)! This helps others support and keep you motivated and helps them hold/keep you accountable.
- 6 **Attainable:** Lastly, remind yourself why you set your goal in the first place! This will help keep your passion burning.

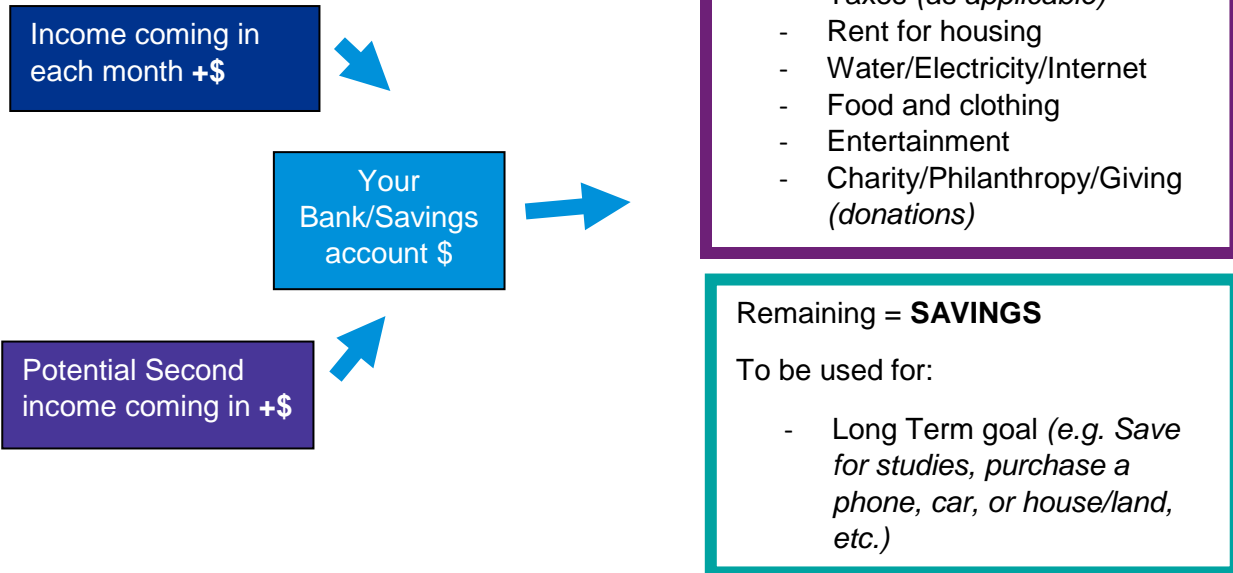
Smart Goals:

SMART Goals Guide	
Specific	<ul style="list-style-type: none"> — What exactly needs to be accomplished? — Who else will be involved? — Where will this take place? — Why do I want to accomplish it?
Measurable	<ul style="list-style-type: none"> — How will I know I've succeeded? — How much change need to occur? — How many accomplishments or actions will it take?
Attainable	<ul style="list-style-type: none"> — Do I have, or can I get, the resources needed to achieve the goal? — Is the goal a reasonable stretch for me? <i>(neither out of reach nor too easy)</i> — Are the actions I plan to take likely to bring success?
Relevant	<ul style="list-style-type: none"> — Is this a worthwhile goal for me right now? — Is it meaningful to me – or just something others think I should do? — Would it delay or prevent me from achieving a more important goal? — Am I willing to commit to achieving this goal?
Time-based	<ul style="list-style-type: none"> — What is the deadline for reaching the goal? — When do I need to act? — What can I do today?

3 Budgeting

What is budgeting?

A personal money management technique.



How do I get more Savings to use for things that are important to me?

An **increase in income** or **decrease in expenses** is ultimately an increase in Savings!

Tips to improve your budget:

- Keep at least 3 months' worth of your monthly expenses in savings to cover unforeseen costs *e.g. broken phone, car, schooling, rent, or an unexpected health expense*
- Research ways to decrease expenses/outflows
e.g. Are you spending too much on entertainment? Do you need a new car with a loan or will a second-hand car that is paid in full do? (Increased monthly expenses add up to a lot over a period!)
- Make sure you remember that budgets are not static!
e.g. Once you achieve your Long-Term goal of buying a car for example, you will have added insurance and fuel costs, don't forget to take these into account for future budgets
- Increase your income – More money in, means more money out

Tips for increasing your income:

Ideas for more than 1 income



Are you naturally good at these and could you sell your goods or services in them?

1. Arts and Crafts
2. Cooking/Catering
3. Photography
4. Music/Dance
5. Handy Man work
6. Speaking to people (sales)
7. Many other options!

Keep in mind, it is not about how much money you make but rather, how you choose to spend that income:

	Lawyer	IT Specialist
Monthly Income (after deductions)	\$10,000	\$5,000
Rent	- \$3,000	- \$1,000
Car expenses	- \$1,000	- \$500
Food	- \$2,000	- \$1,000
Entertainment	- \$3,000	- \$500
Savings	\$1,000	\$2,000

It will take the Lawyer twice as long to save up for his Long-Term Goal!

Spend wisely!

4 Importance of saving

Your budget isn't an exercise about living within your means; it should help you prepare for whatever life has for you. Make plans for savings while controlling your expenses.

Get a handle on your student loans

With an excellent savings plan, you can settle your student loans in time. Making payments by setting up automatic payments can for example reduce the interests you pay, or pay extra if possible, to remove debt quicker.

Stay ahead of your budget

With a smart savings plan, you can also set up enough budgets than can get you all you want with a little extra for fun.

Plan your retirement

Think ahead as saving for retirement is critical. Naturally, it won't rank high on your plans yet, but when you have a good savings plan, begin putting pennies away.

Get smart with different insurances available

No one wishes for the kind of unseen events we can face. If you rely on your savings to handle those events, it may burn you. When you have an adequate savings plan, you can figure out the right insurance plans that suits your financial status.

How much should you save from your income every month?

Bear in mind that we all have different financial situation and responsibilities. Your saving depends on your long term and short-term financial goals. But many experts recommend saving as much as 10 to 20 percent of your income every month. Saving up to 10 to 20 percent of your finances can help you achieve financial independence long before you become too old to enjoy it.



5 Banking

Considerations before picking the right savings account

Here are some questions you should answer when picking:

- 1 **What is the monthly fee(s)/stamp fee to keep the account open?** Will it cost me money to keep this account open? If so, how much per month?
- 2 **Is there a minimum balance?** If I dip below a certain number in my account, will I have to pay a fee? If so, how much is it?
- 3 **Are there 24-hour accessible ATMs?**
- 4 **How many withdrawals are included in this account?** How many withdrawals am I allowed per month and per year? If I go over that number, what is the fee that I'll incur?
- 5 **Is there an overdraft fee?** If I spend more money than is in my savings account, is there a fee? If so, are there any overdraft protections offered? Is there a monthly fee for those protections?
- 6 **How are you going to interact with the bank?** Is it most important to you that the bank has a good app, accessible online banking and good phone or in person customer service?

Types of accounts:

Savings accounts are better for everyday transactions such as purchases, bills, transfers and ATM withdrawals. They typically earn less interest on positive bank balances — or none!

Fixed accounts are better for storing money and earning interest, and because of that, you have a monthly limit on what you can withdraw.

	Fixed account	Savings account
General Use	Saving	Spending
Withdrawal Limits	Varies by Bank	None
Does it Pay Interest?	Yes; interest rates may vary	Sometimes; typically minimal

Retail bank services for the Cayman Islands

Name of banking institution

List of services

<p><i>Butterfield Bank (Cayman) Limited</i></p>	<ul style="list-style-type: none"> • Savings, Checking, Student Saver and Deposit Accounts, Fixed Accounts • Online Banking • Mobile Banking App • Banking Centres • 24-hour ATMs • Wire/Money Transfers • Credit or Bank References • Mortgages and Personal Loan offers • Various insurance offers • Credit Cards with rewards • Debit Cards • Saturday Banking Hours
<p><i>Cayman National Bank Ltd.</i></p>	<ul style="list-style-type: none"> • Banking Centres • Savings, Checking, Student Saver and Deposit Accounts • Online Banking • Mortgages and Personal Loan offers • Credit Cards • Debit Cards • Wire/Money Transfers • 24-hour ATM • Saturday Banking Hours
<p><i>CIBC First Caribbean International Bank</i></p>	<ul style="list-style-type: none"> • Savings, Checking, Student Saver and Deposit Accounts • Banking Centres • Mortgages and Personal Loan offers • Online Banking • Mobile Banking App • Various insurance offers • ‘Welcome to Canada’ banking transition program

*Credit Union Limited**

- Savings
- Shares
- Mortgages and Personal Loan offers
- Online Banking
- ATM card
- 24-hour ATM

RBC Royal Bank (Cayman) Limited

- Credit Cards with and without rewards
- Savings and Deposit Accounts
- Mortgages and Personal Loan offers
- 24-hour ATMs
- Online Banking
- Debit Cards
- Mobile Banking App

Scotiabank & Trust (Cayman) Ltd

- Credit Cards with or without rewards
- Various insurance offers
- Saving Accounts
- Online Banking
- Mobile Banking
- Banking Centres
- 24-hour ATMs

Fidelity Bank (Cayman) Limited

- Credit Cards with or without rewards
- Various insurance offers
- Various Loan offers
- Saving Accounts, Fixed Accounts
- Online Banking
- Banking Centre
- Pension plan
- 24-hour ATM

** Please note Credit Union Limited facilities are only available to candidates who meet specific local criteria – contact the bank directly for more details.*

*** Besides Credit Union Limited, the above list is a complete list of Category A retail banks per Cayman Islands Monetary Authority Q3 2019 listing.*

Banking Considerations for those born in United States of America:

1. There may be additional “know your client” requirements to enable the banks to adhere to the cross-border filing requirements of FATCA (Foreign Account Tax Compliance Act).
2. There may be individual account filing obligations for bank accounts, pensions etc. under the U.S. Individual Reporting of Foreign Bank and Financial Accounts (FBAR) for the U.S. Treasury Department.

6 Credit

Types of credit

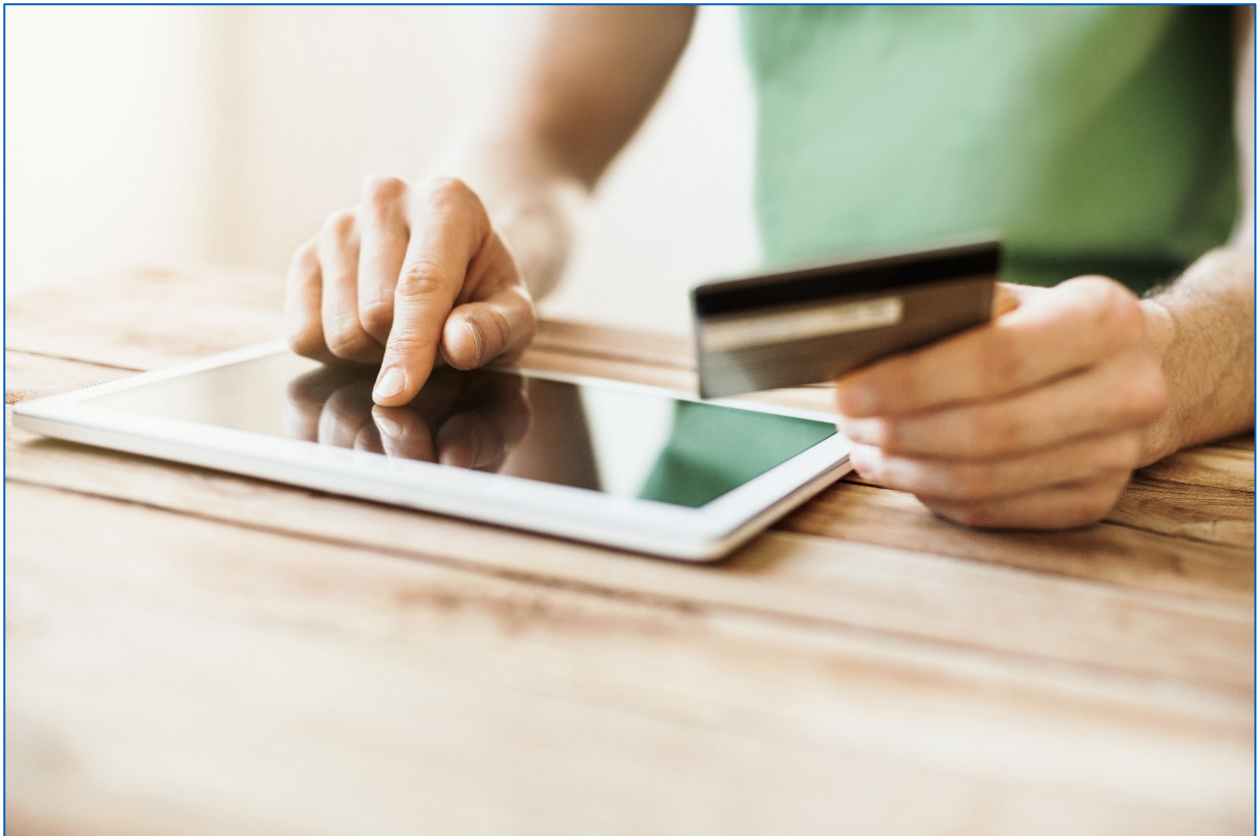
- **Credit card.** Unlike a debit card, which allows you access to the money you already have in your bank account, a credit card allows you to spend a set amount of money that you agree to pay back at a later date. The credit card issuer pays for the purchase when you swipe your card and adds the amount to your account to be repaid at a later date. The balance accumulated on your credit card must be paid back monthly, otherwise you are charged additional interest fees on the unpaid balance. An example of an interest charged by a local bank is 15.74%!
- **Loan.** A loan is a contractual agreement to borrow a lump sum of money and repay it over a set amount of time at an agreed upon interest rate. Loans are used for things like purchasing a car, paying for college/university, or financing a business. There is usually a lengthier process in applying for a loan as the lender needs to ensure that the borrower will be able to repay the lump sum over time.
- **Mortgage.** A mortgage is a type of loan that is secured by real estate or other personal property. As mortgages are used for much larger purchases than traditional loans, the lender needs to have additional assurance that they will be able to recover the money they have loaned in case the borrower is unable to repay the amount themselves. For example, if a borrower is unable to make their mortgage payments on their home, the bank would be able to take possession of the home and sell it in order to make back the amount loaned.

Consequences of defaulting

- On a credit card, the lender is likely to send the outstanding balance to a collection agency.
- The lender may also seek a judgement in court, which could result in a portion of your wage going directly to the lender to repay the amount owing.
- On a car loan, the lender likely has rights to seize the car as collateral and sell it to repay the outstanding balance.
- Defaulting can have serious consequences. Overseas it can impact your credit score or locally prevent you from getting a loan in the future. Even one late payment can show up on your credit rating and lower your overall credit score, impacting your ability to borrow or resulting in higher interest rates on future borrowings.

Questions to consider when acquiring a credit

- 1 What is the interest rate?
- 2 What are the repayment terms?
- 3 What are the penalties for missing required payment?
- 4 Are there any reward programs associated with the credit (i.e. cash-back, travel rewards, etc.)?
- 5 What are the available options for tracking spending (i.e. monthly statements, real-time online system, etc.)?
- 6 The fee for issuing a card?



7 Borrowing

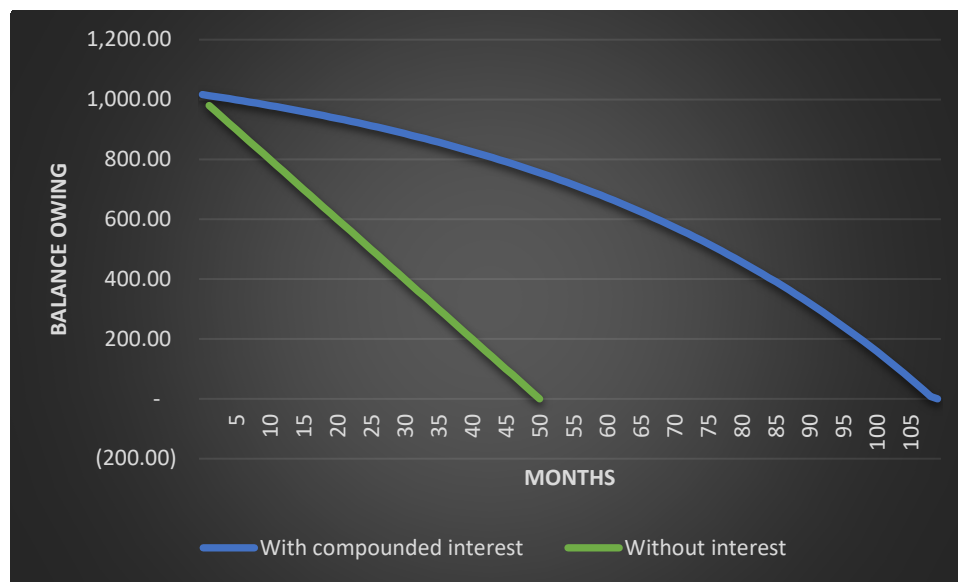
Interest

Interest is a fee paid at a particular rate for the use of borrowed money. Interest rates can vary depending on amount of money borrowed, type of debt, the borrower’s credit rating or debt ratio, and the lending institution.

While loans and mortgages have set interest rates that are factored into the repayment terms, interest is only charged on credit cards when the outstanding balance is not paid by the end of the month.

Compound interest means that interest is charged on both the outstanding balance as well as any previous interest balance outstanding. Compounding interest can be an issue, especially when it comes to making minimum monthly payments on credit cards.

For example, if you had an outstanding balance of \$1,000 on a mortgage loan/land loan with an interest rate of 20% and only made the minimum monthly payment of \$20 each month, it would take nine years and cost \$1,168 in interest payments before the \$1,000 was paid off.



Tips for managing debt

- **Avoid borrowing outside your means.** Keep your credit limits down to amounts that you know you can repay. Have a plan for how you are going to make payments on these loans.
- **Pay in cash or debit cards.** With cash and debit cards you can only spend what you have, and you do not fall into a situation where you owe more than what you can repay.
- **Evaluate your spending.** Track your purchases to see what you are spending your money on and then evaluate your purchases to determine if there are any areas where you can reduce spending. Spend money on needs versus wants, as appropriate and affordable. Identify and reconsider unnecessary purchases that you are making on a regular basis that don't seem like a lot on their own but add up to a substantial amount over time.
- **Make payments on time to avoid interest charges.** Making your credit card payments on time and paying off the full balance, or as much as you can afford to pay, can make a big difference in reducing the amount of interest you pay over time.



8 Careers and compensation

Consider this scenario

You've just left school and are looking for a job as a Personal Assistant. After sending applications, you receive two interview requests. Based on the job descriptions, you see the following:

Job Offer #1 – Salary of CI\$25,000 working for ABC Company. Primary responsibilities include answering phone calls and distributing office supplies. Hours are 9am–5pm from Monday-Friday with no overtime. You would not be expected to travel.

Job Offer #2 – Salary of CI\$30,000 working for XYZ Resort. Primary responsibilities include taking meeting minutes, answering customer calls, and assisting the Vice President of Operations in distributing supplies and staff between the Port and the Resort locations. Hours are variable, you would be required to match the Vice President of Operations' schedule (up to 9 hours/day). If you are asked to work beyond 45 hours/week, you will receive overtime pay.

Based on the above, which job would you prefer?

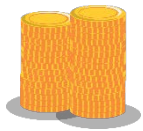
Where are the Goal Posts?

- There are two types of people; the type who think about their future career prospects before they start looking for a job, and the type who don't consider them until they've started working.
- Knowing where your goal is can help make informed decisions about how to get there. Nobody's path to their perfect career will be the same and it will never go entirely to plan, but you can set yourself up for success by knowing which direction to start.
- Having an idea of where your ideal career is can help you make informed decisions about the kind of roles you want to pursue now. Want to start a construction company someday? Then you may consider taking a lower-paying job as a construction worker now, as opposed to a high-paying office job, in order to gain experience in the field.

Income vs Compensation

Income is money received for your work. **Compensation** includes the money you receive, as well as all the other benefits you receive as part of your job.

While the income of a job or career is the most obvious form of compensation and can often be the first consideration when choosing whether to apply, you need to take care to consider all the other factors associated with that job too! The factors you consider (and how important they are to you) will be different to each person and will change over time. Compensation can be split into two categories: Direct and Indirect.



Direct Compensation is any direct financial benefit you receive as part of your job e.g. base salary or hourly pay, any commissions or bonuses earned.

Direct Compensation will be assessed consistently between people and over time (C\$10/hr is worth the same, regardless of your lifestyle).

When many people compare jobs, they first compare Direct Compensation before anything else.



Indirect Compensation also known as “employee benefits”, as this includes anything you consider to be valuable that comes with a job outside of direct compensation.

Includes health insurance and paid sick days but can also include factors you may not immediately consider as compensation like travel opportunities and an amicable work culture.

The value of these benefits will change between people and over time, so it is important to identify the indirect compensation you will receive when considering all your options. Not everyone will derive the same value from the indirect compensation being offered by a job.

- Will you use a robust health insurance plan or is a basic plan fine?
- How about dental or vision coverage?
- Do you plan to travel and want health insurance that will cover you or is a Cayman-only insurance plan a better fit?
- Will you be willing to travel frequently for work or would you rather be based in Cayman?
- Your company offers you discounted hotels and car rentals – how much is that worth to you?
- Every year, the company throws a big Christmas party hosted by your favourite celebrity but pays CI \$2,000 less in salary than competitors – does that work for you?

Assessing the trade-offs that come from indirect compensation is a key factor in deciding between possible options. A lower-paying job that offers perks you value, could still be the best choice for you if the higher-paying job is offering perks you will not take advantage of.

Priorities

Comparing opportunities can be tough, and the choice you make could be completely different to the choice someone else would.

Learn what you value (and how much!)



Think about your lifestyle and the things you enjoy. How does your potential job fit into your life? What are the factors you like about a potential job and which do you not?

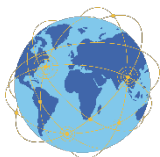
- This can help narrow down what you are looking for and what interests you.
- It can also help to attach a value to the benefits you enjoy, so that you can properly compare options. If you enjoy working with children, how much is that worth to you or traveling for work?
- Compromise is important during the job search, so knowing what you are willing to forego (and for how much) can be vital in your decision-making.



Indirect Compensation MATTERS

- While your salary and wage can be important, one of the biggest mistakes people make during their job search is ignoring all the other factors that come with a job.

Consider the Future



- Anticipating what will happen in the future should be a big part of your thought process when comparing options. Consider what is going to happen in your life over the next few years.
- Thinking ahead to costs you will have in the future can give you a better perspective on what you should be considering now to plan for them.

Questions to Ask a Potential Employer

Besides my salary, what are the other benefits I will receive from working here?

This is how you can learn what indirect compensation is offered – see above.

How will I know I am doing well in my job? What are my opportunities for growth/future development?

Shows that you're interested in the role and at exceeding expectations. This question can be tailored to fit into less formal job interviews as well.

How would you describe the company culture?

Will help you determine (a) atmosphere/tone of the business, and (b) what your colleagues will typically act like.

Are there high/low seasons, and what changes will occur to my role during these times?

Can identify when it could be difficult to get time off.

What are the typical hours I can expect in this role, and do they change from time to time?

Can identify likelihood of overtime and weekend/holiday work.

What is your favourite part about working here?

Allows the interviewer to discuss things on their own terms, gives you more genuine insight into the company.

Back to the Scenario

– Final Choice:

After considering the job descriptions for job offer # 1 and # 2, you attend both interviews and ask questions!

Based on the responses to your questions and general observations during the interview, you are able to add more detail to the information included in the job descriptions.

You receive job offers from both companies, how do you choose?

– It depends:

The final choice depends on who you ask and what stage of life they're in.

The important part is to understand what factors are important to you personally and how to ensure you have gathered enough information to make an informed decision.

Learning how to identify and pursue compensation that works with your lifestyle will ensure that you are making the most out of your time.



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Our Values

We lead by example

Lead partners provide strong and definitive direction for audit teams and a commitment to the highest standards of delivery.

We work together

A consistent, cohesive and integrated audit approach is supported by shared methodologies, processes and technologies across the KPMG network.

We respect the individual

Individuals are empowered to contribute and add value as part of KPMG's commitment to an efficient and effective audit.

We seek the facts and provide insight

KPMG's opinion on material risks and regulatory issues is founded on broad industry experience and deep technical expertise

We are open and honest in our communications

A transparent, no-surprises culture is maintained through regular formal and informal dialogue and early response to emerging issues.

We are committed to our communities

KPMG's involvement with a wide range of community initiatives informs our response to understanding your stakeholders' requirements.

Above all, we act with integrity

KPMG is committed to the delivery of a robust, challenging and independent audit opinion.

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