

Minding Your Finances Overseas



Bank Accounts Overseas

Most students wait until they arrive in the country to set up a bank account. Your study abroad program coordinator and past visitors will likely have advice on how and where to go about doing this. Become acquainted with the banks and services closest to you, their hours of operation and the various accounts available. Many foreign banks operate on very different hours than in North America, or may only process certain transactions during certain hours.

While you may be able to use your Canadian bankcard to withdraw cash at some foreign banks, many foreign banks have their own bankcards that allow you to make withdrawals from their bank machines without incurring huge service charges. There are many advantages to having a foreign bank account, depending on the duration of your stay. Ask around before deciding what's best for you.

What are the options available in your host country and will best suit your banking needs?

Transferring your Money Overseas

There are many ways to transfer the funds that you will need for a year abroad overseas. Most importantly do not carry large amounts of cash with you. ATM bank cards or travellers cheques are the safest and most convenient way to transfer large amounts of money and keep it accessible. These will allow you to bring your money with you overseas and then deposit it into a local bank account once you are settled. Travellers cheques allow you to carry your money and they can be replaced if they are lost or stolen. Travellers cheques come in various denominations, in various currencies, and can be obtained at most banks and credit unions.

Emergency Funds from Home

If you run short of cash abroad, money can be sent from home in a variety of ways. The quickest, though most expensive way is by cable transfer from your bank to a bank abroad. Ask your hometown bank about this process prior to departure as they may have to process cable transfers through an internationally recognized bank both at home and overseas.

American Express offers money orders that are relatively rapid. The transaction must be initiated at an American Express office in Canada and completed at one of their branch offices abroad; either could prove inconvenient. Not all offices can prepare money orders or cable money, so find out about this before you leave.

Most Canadian banks offer foreign currency drafts against a recognized bank in a foreign country. This draft can then be sent to you by registered or certified mail for cashing abroad.

Currency Exchange

"30,000 what?!" The currency conversion tables in the newspaper or at the following website: <http://www.xe.com/ucc> will provide you with the actual rate of exchange and help you understand and anticipate fluctuation between the rates of your host and home country's currencies.

When you first arrive in a different country, you are in an unfamiliar environment. Because you may not understand the relative cost of things right away, it is easy to be confused. Learn the currency rate upon arrival and if you feel more comfortable, carry a calculator with you to aid in conversions.

It is important to have some local cash before you leave the airport for buses, taxis or food. Take some cash or travellers cheques with you, as they can be easily exchanged for foreign currency at most international airports, currency exchange booths and banks.

Credit and Debit Cards

If you have a credit or debit (ATM) card that is on a network, you should be able to withdraw money from your Canadian bank account from most bank machines in Europe and many other regions. Ask your bank before you depart. You may need a special international PIN number. For example, your four-digit PIN may work in Canada but not in Europe where five-digits are often required. Also, keep in mind that bank machines in some countries do not have letters on the key

pad. If you remember your PIN using letters and not numbers, you may be completely stumped by a keypad with no letters on it. Know your PIN by both letters and numbers.

At many foreign banks it is possible to use a credit card to get cash although the interest rates are often very high and compounded daily. Credit cards can be convenient when making purchases, though not all merchants accept them. Those who do may add on a service fee. The amount charged to your credit card bill is based on the exchange rate on the day that your bank or credit card company processes the transaction.

Keep a separate record of your debit (ATM) and credit card number and the telephone number to call in the event of theft. You may also wish to purchase extra travel insurance available through your credit card company.

Activity: Record of Financial Information

Use the Record of Financial Information to record your credit and debit card numbers, travellers cheque serial numbers and the emergency replacement numbers to call. Fill it out and leave it in a secure place such as a **safety deposit box or a locked safe**. Remember anyone with this information can get access to your credit cards or even steal your identity. **Do not carry this form with you when you travel, leave it with a trusted person at home**. If you need any of the information on it ask the person to **send you only what you need** and to **transmitted it in a secure fashion i.e. not by e-mail or to a public fax machine**.

Tips for keeping your money safe

- Keep a separate record of the serial numbers of your travellers cheques, as you will need to have these numbers available to obtain a refund.
- Remember that getting a refund for your travellers cheques is not usually as hassle-free as the commercials might have you believe. Make sure you know the policies and procedures regarding refunds before you leave.
- Be sure to keep your travellers cheques and registration numbers separate. It is imperative that you record every travellers cheque you have spent as well as have a record of those you have not.
- If travelling in North America, Europe or Australia it is best to take traveller cheques of high denominations. This will save you from paying the high service fees charged for cashing them.
- If the local currency is unavailable, travellers Cheques based in Canadian and American dollars can usually be exchanged overseas. US dollars are more common and will give you a higher exchange rate...
- Try to avoid exchanging money at hotels, airports, or retail shops where the exchange rate will usually be highest. Banks and credit unions offer the fairest exchange rate. You can expect to pay a commission every time you exchange currency.
- Avoid black market money dealers. They may offer exceptional rates of exchange, but the potential for being ripped off is high, and the police may not look upon your transaction with humour.

Power of Attorney

Will you require money deposited, withdrawn or transferred for you while you are overseas? Will your student loan forms or tax forms become due while you are overseas? If so, it is very important that you arrange for a [power of attorney](#). This gives your representative the authority to sign forms on your behalf. There are many reasons to consider a power of attorney. If your signature will be needed for any official or legal document while you are away, you should make arrangements for a power of attorney. This enables a responsible and trusted person (your parents are usually the best option) to act on your behalf. Write out in detail the specific duties, such as signing of documents, bank transfers, payment of credit card bills, filing of income taxes and other legal matters that the chosen person may have to execute in your absence, in detail and have it notarized.

A power of attorney is required for all students with student loans. This can be arranged through a lawyer. Banks also have forms to arrange a power of attorney for their services only.

Income Tax

If you are out of the country during the tax season (i.e. until April 30) and have earnings from the previous year, you are required to file federal and provincial income tax returns. Contact the Canadian embassy, high commission, or consulate in your host country for information on your tax obligations. If you do not owe money to the government, you do not have to file tax returns. Of course, if you do not file, you will not get a refund owed to you either.

Revenue Canada has an informative website that will help clarify your income tax obligations. The website is <http://www.cca-adrc.gc.ca/menu-e.html> or call 1-800-959-8281.

A Student Line of Credit

A student line of credit is a more manageable and less expensive form of cash advance than using a credit card. Most major banks and Credit Unions offer a Student Line of Credit to students who are enrolled full-time at a post-secondary institution. Although similar to credit card cash advances, the interest rate on a student line of credit is slightly above prime and thus, a lot less than that of credit cards. When borrowing from a student line of credit you are obligated to pay off the interest, not the balance while registered as a student.

Fundraising

Use your creativity to develop fundraising strategies and plans. The task of raising the necessary funds for your trip may seem daunting at first but can be quite fun if you organize yourself early enough. "Early enough" means at least four to six months ahead of time, depending on the amount of money you have to raise. Fundraising will require your energy, creativity and time. It can be very time consuming and stressful, so make sure that you plan and manage your time effectively.

Why Fundraise?

As well as helping finance your trip you will:

1) Develop the following personal skills:

- Time management
- Presentation
- Business Letter Writing
- Public Speaking
- Decision Making
- Marketing
- Event Management

2) Community Outreach:

- Informs and educates the community about the purpose of your project and the issues surrounding it. By telling people what you are doing, you are offering them the opportunity to get involved in the project.
- Educates the community of local and world issues. This may also inspire others to become active themselves or to encourage others.

Asking for or raising \$\$\$

First Steps to Fundraising:

There are many ways to raise money. These include writing grant proposals to governmental and non-governmental agencies and letters to private institutions requesting financial contributions and/or organizing activities or presentations to raise money. It is also possible to get donations of equipment or supplies from donors who can't offer financial support.

- Build a list of potential resources and sponsors.
- Approach the community
- Contact the local paper to write an article about you.
- Speak at Local Service Clubs, Community Groups and High School
- Start Planning an Event.

Examples of Sources of Funding

- Personal: employer (past and present), parents, relatives and friends.
- Old Alma Mata (highschool)
- On campus organizations: student associations, Alumni, Deans of (undergraduate and graduate) Faculties, on-campus student groups and clubs, etc.
- Community: charitable service clubs such as Rotary International, Lions Club, Shriners, Kiwanis, local businesses, place of worship, banks, media such as the local newspaper, radio stations, etc. A list of local service groups may be available through your City Hall, Chamber of Commerce or United Way.
- Governmental organizations: the host country mission in Canada, your MP and MPP as well as other political parties, ministries, municipal government.
- Non-governmental organizations (CIDA, IDRC, HROC WUSC) who may be interested in the nature of your project.
- Private institutions: local and national corporations that may do business with the country you are visiting or are part of your community.
- Associations and community groups related to host country.
- Charitable organizations: refer to the Canadian Directory of Foundations for an extensive list of granting agencies. Note that many of these agencies do not grant to individuals and have specific requirements. Read the instructions carefully.
- Foreign governments, schools, or businesses.

If you are applying to organizations for support

- Check deadlines and apply to more than one funding source.
- Develop a back-up plan in case funding falls through.
- Start the application process well in advance, as you normally have to get reference letters from your host country. This takes time.
- Apply for the necessary visa and research permits early; some funding agencies will want proof that you have permission from the host country before they'll give you the money.
- Talk to other students who have applied for the same kind of funding in the past-they may have valuable suggestions.

Once you've decided to whom you are going to write, it is important to send your letters as soon as possible. Writing to request funds is an art and deserves the time it takes for careful wording. Many of the places you are contacting will receive a great number of requests for funding. Word your letter genuinely and include the following details: who you are and what your project is, the length of time you will spend overseas, the total amount of money you need to raise, and when you will be leaving.

Keep the letter concise (three to four paragraphs, maximum). In the first paragraph, indicate the purpose of the letter (i.e. request for funds or other donations). Keep the tone professional. Focus on what you can do for them i.e. a presentation upon your return. Emphasize how you will contribute the rewards of your experience to your community.

Research the prospective donor and try to include information that is most relevant to whom you are writing. Your letter will be better received if it shows that you've taken the time to learn about those who may be funding your project.

After sending your letters, allow approximately one week for them to be received. You will need to phone the recipients to draw their attention to your request; otherwise you risk having your letter tossed onto a "to do" pile. Start to make follow-up phone calls. Keep your call brief, identify yourself and simply ask if your letter was received and if any additional information is required. Don't press for an answer at the time of your call.

Once you receive confirmation of funding, send a letter thanking them for their support, stating the sum or specific donation they have made, and promise to contact them upon your return. Consider sending a letter or a postcard to them while you are overseas.

When you return, send your sponsors a letter, briefly outlining your experience and thanking them again for their support. In the letter, arrange for the delivery of your promised presentation or report, or offer to share your experience.

Organizing a community event to raise money can be a lot of fun and need not necessarily take more planning than writing a letter and calling on the phone. It is also a great way to raise a substantial amount of money all at once. Try to think of something original and as relevant to your project as possible.

Planning the Event:

Make a list of all the resources you have. When compiling your list brainstorm, be creative and do not rule anything out!

Determine:

- Monetary and Non-Monetary Resources
- Potential Volunteers
- Target Sponsors

Ideas for Events:

- Bingo (check the gambling regulations in your area first!)
- bake sale
- Raffle of personal work (i.e.: paintings, services etc.)
- movie night
- car wash
- open stages, benefit party and/or concerts (especially if you have connections with a band!)
- asking large corporations to have a dress down day for you
- hold a public slide/information/cuisine night of your host country; charge for admission or ask for donations
- design and sell an item such as t-shirts
- A-thons: volunteer-a-thon, bike-a-thon, walk-a-thon, dance-a-thon, hackesack-a-thon, etc.
- hold a silent auction of items and services donated by your community
- garage sale
- murder mystery dinner

Publicize the event:

An event can only be successful if people know about and are interested in attending. Keep in mind the What - Why - When - Where? For example if you are having a car wash, put flyers on the windshields of cars in the neighbourhood where you will be holding the car wash.

Follow Up:

- Personal hand-written thank you to every person who has provided sponsorship or donated their help to you.
- Once overseas it is highly recommended that you send the same people a postcard to update you on how you are and what you are experiencing.
- Upon your return complete the responsibilities you have promised (i.e.; doing a presentation or writing an article)

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Site Specific Risks