



IIAC Senior-Level Competition Case Solution

Financial Advisor: Steven

Introduction, Methodology, and Assumptions

I am Steven, a Grade 12 student attending a public high school in the Greater Toronto Area wanting to pursue a business degree. Today, I will transform into SK Advisory, the pro-bono financial advisor.

Unfortunately, I did not work any part-time jobs in high school and will include very minimal parental support in my analysis. As well, I will include residence/off-campus housing in my calculation, to ensure my numbers apply to those that cannot make a commute to their desired program. As a benchmark for costs in this particular analysis, I will use the Rotman School of Commerce at the University of Toronto. Finally, this paper will be separated into four sections, each of which will address a specific part of this multifaceted financial plan.

Allocation of Initial Funds

Receiving the bursary, I will immediately transfer \$1,000 into an emergency chequing account. Then, the rest of my scholarship will be put toward paying off my first-year university tuition and residence fees. While some may argue this money should be evenly distributed between expenses, I believe it is most important to cover high-ticket expenses first to simplify budgeting. Others may argue it is more wise to save the initial \$10,000 or to invest in a business. However, this is simply not feasible for a university student considering the risk.

Location of Deposit	Deposit Amount (\$)
Chequing Account	\$1000.00
First-Year University Tuition	\$8024.46
First-Year Housing Fee	\$975.54

Minimizing Debt & Sourcing Funds

Name of Expense	Estimated Yearly Cost	Estimated 4-Year Cost
Program Tuition	\$8024.46 (Year 1) \$17824.46 (Year 2-4)	\$61497.84



Residence/Housing (Off-Campus)	\$7200.00	\$28800.00
Wifi + Hydro	\$747.36	\$2989.44
Groceries	\$1257.60	\$5030.40
External Meals	\$867.84	\$3471.36
Textbooks/School Supplies	\$290.00	\$1160.00
Entertainment	\$600.00	\$2400.00
Subscriptions	\$45.20	\$180.80
Transportation	\$1537.80	\$6151.20
Emergency Fund	N/A	\$1000.00
Phone Bill	\$271.20	\$1084.80
Clothing	Free	Free
Total Cost	\$28441.46	\$113,765.84

Student Loan Interest Payments	N/A	\$7627.39
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*My student loan interest payments will be covered by parents, but to be paid back later

Please read the following document for my methodology: [Explanation Sheet](#).

Above is an exhaustive list of costs that generally cannot be avoided throughout university. However, embedded within these admittedly daunting numbers are strategies that greatly decrease costs.

An overly optimistic individual may not account for miscellaneous expenses like phone bills, transportation, and entertainment. And, though the number \$112,765.84 seems like a lot, it is very low. The first-year residence plus meal plan costs \$20,000+, and the tuition for Computer Science/Commerce programs is \$15,000 per year, adding up to over \$140,000 for four years. Mind you, this number is only for tuition and housing.

Thus, to minimize debt, I picked out six extremely effective and creative strategies:

Savings	Reasoning	Amount Saved
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Purchase Old Textbooks and Utilize Online Resources	Simple/effective solution to cut costs of education	90-95%
Use TooGoodToGo When Eating Out	Waste-reducing app that slashes food costs by multiples	\$4-8 per meal
Thrift Clothing and Home Supplies + Resell Valuable Garments	Utilizing Kijiji and frequenting thrift stores can not only save money but yield a profit (plus, I enjoy the process)	100%+ savings
Utilize Free Versions of Expensive Subscriptions	Example: splitting a Spotify family plan with 6 friends.	80-100% savings
Attend Free Events & Utilize Student Discounts	Universities host free events, allowing you to have fun for free	80-100% savings
Purchase TTC Student Monthly Transit Pass	Almost mandatory to use the TTC when commuting downtown; the monthly pass saves \$. In addition, provides receive discounts on local events (e.g. CNE)	25%+ savings

Now that all expenses have been settled, here is a list of strategies that will be employed to fund my education throughout university:

Name of Revenue Source	Estimated Yearly Total	Estimated 4-Year Total
Part-Time Job	\$6604.80	\$26419.20
Summer Internship(s)	\$6400.00 (Year 1-2) \$12800.00 (Year 3)	\$24000.00
Thriftling	\$960.00	\$3840.00
Grants & Scholarships	N/A	\$11000.00
TD Student Line of Credit	N/A	\$48506.64
Total Amount	N/A	\$113,765.84

Please refer to the following document: [Explanation Sheet #2](#)



Again, critics may prefer a 2-year college program or the trades, citing the high cost of a 4-year business program. However, the benefit of a business program in the heart of downtown is the ability to quickly recoup costs. This is primarily done through part-time jobs and summer internships, which attending a top business school unlocks.

Risk Minimization

In this section, I will dive deeper into how I will handle unexpected expenses:

Mitigation	Reasoning
Withholding Loan Payments	TD's line of credit allows a 2-year graduation leeway on principal payment; allows me to keep cash on hand.
Working Internships/Part-Time Jobs/Thrifting	The part-time jobs and internships that I work will reduce my student loan debt.
Tracking Budget Through Sheets	By organizing my expenses monthly, I will make sure I am on track for the financial projections I have laid out and nothing unexpected happens; I can adjust to difficult scenarios
Maintain Sufficient Emergency Fund	Though I have family, I will always have \$1,000 liquid in-hand so accidents, lost items, and other miscellaneous costs can immediately be addressed

Goal-Setting & Long-Term Plans

Here is my 5-step plan to long-term financial independence after graduation:

- 1. Define Specific Financial Goals:** I will write down each of my major financial goals and the exact timeframes I would achieve each goal:
 - a. Debt-Free
 - b. First Home
 - c. Retirement
- 2. Set-Up Financial Budgeting System:** I will use a free budgeting software like Microsoft Money Sunset Deluxe in order to ensure that I maintain my spending and savings target each month; every year, I will make adjustments based on lifestyle and changes in salary to stay on track for my aforementioned goals.



- a. In addition to this system, I will make sure deposits and transfers are automated, so that no matter what, my debt/saving needs will be met each month
3. **Pay off All Private-Loan Debt:** investing cannot safely net returns greater than Prime + 1%. Thus, I will allocate all of my savings from working to paying off my \$48506.64 student loan debt. If I can contribute \$15,000 each year, I will be able to eradicate my loans in 5 years, including paying back my parents for the interest payments.
4. **Comprehensive Savings Plan:** I will ensure I fulfill my RRSP, FHSA and TFSA contributions each year. In addition, I will diversify my portfolio, choosing a variety of investment vehicles from ETFs to Index Funds.
5. **Consult Financial Advisor:** once I set my financial goals, I will consult an accredited financial advisor to ensure my projections and steps to success are both realistic and effective. I will do this every year to ensure I stay on track.