



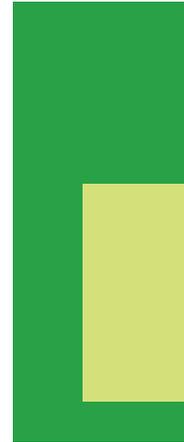
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**More For Your Money**

**A guide to managing your money**

[www.crediteducationweekcanada.com](http://www.crediteducationweekcanada.com)



## Successful money management— everyone can do it!

Managing your money to meet your daily needs as well as your future dream is possible. It just takes a bit of “know-how” and discipline. In fact, once you start, you’ll find that it isn’t as hard as you thought!

This guide will give you financial advice, tips and tools about taking the first steps to financial fitness.

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# The top 10 tips

## to successful money management

**1. Plan.** Plan for the future major purchases and periodic expenses.

**2. Set financial goals.** Determine short, mid and long range goals.

**3. Know your financial situation.** Determine monthly living expenses, periodic expenses and monthly debt payments.

**4. Develop a realistic budget.** Follow your budget as closely as possible. Evaluate your budget. Compare actual expenses. with

**5. Manage your credit wisely.** Avoid paying only the minimum on your charge cards, try to pay more. Don't charge more to the car than you are repaying every month.

**6. Save for the unexpected.** Save for periodic expenses, such as care and home maintenance. Save 10 to 15 percent of your net income. Accumulate three to six months' salary in an emergency fund.

**7. Pay your bills on time.** Maintain a good credit rating. If you are unable to pay your bills as agreed, contact your creditors and explain your situation. Contact Credit Canada for professional advice.

**8. Distinguish between needs and wants.** Take care of your needs first. Money should be spent for wants only after needs have been met.

**9. Use credit wisely.** Use credit for safety, convenience and planned purchases. Determine the total you can comfortably afford to purchase on credit. Credit payments should not exceed 15 to 20 percent of net income. Do not borrow from one creditor to pay another.

**10. Keep a record of daily expenditures.** Use a monthly budget tracker to help you determine where you can cut back on spending.

# First things first... write down your financial goals

The best way to start setting goals is to put them in writing. Take time to consider short, intermediate and long-term financial goals for yourself and enter them in the chart below. As life changes and new goals present themselves, you can review your initial goals and revise accordingly.

## My Financial Goals

### Short Term Goals (to be met within the next year)

Objective / Amount	Estimated Cost	Target Date	Monthly
1. _____	\$ _____	_____	\$ _____
2. _____	\$ _____	_____	\$ _____
3. _____	\$ _____	_____	\$ _____

### Intermediate Goals (that can be reached within 5 years)

Objective / Amount	Estimated Cost	Target Date	Monthly
1. _____	\$ _____	_____	\$ _____
2. _____	\$ _____	_____	\$ _____
3. _____	\$ _____	_____	\$ _____

### Long Term Goals (these goals take the longest to achieve, 10 - 15 years or longer)

Objective / Amount	Estimated Cost	Target Date	Monthly
1. _____	\$ _____	_____	\$ _____
2. _____	\$ _____	_____	\$ _____
3. _____	\$ _____	_____	\$ _____

### ***Did you know???***

***53% of Canadians do not have a personal/household budget.***

*Source: Credit Canada, June 2007*

# Then...track your expenses

Knowing what you spend is an important step to developing a realistic budget. You may be surprised where your money goes! Write down your expenses in a small notebook you carry with you; or, keep your receipts to add up at the end of the day. Old cheque books and monthly bills will also help you to estimate your monthly expenses.

## Estimating Expenses Chart

W - weekly  
M - monthly  
O - occasional

Total Forward:                                                               

### Housing Expenses:

	Actual	Budget
First Mortgage	<input type="checkbox"/>	<u>                    </u>
Second Mortgage	<input type="checkbox"/>	<u>                    </u>
Property Taxes	<input type="checkbox"/>	<u>                    </u>
House Insurance	<input type="checkbox"/>	<u>                    </u>
Rent / Condo Fees	<input type="checkbox"/>	<u>                    </u>
Telephone	<input type="checkbox"/>	<u>                    </u>
Cell phone	<input type="checkbox"/>	<u>                    </u>
TV cable	<input type="checkbox"/>	<u>                    </u>
Internet	<input type="checkbox"/>	<u>                    </u>
Hydro	<input type="checkbox"/>	<u>                    </u>
Water / Sewer	<input type="checkbox"/>	<u>                    </u>
Gas/wood/electric	<input type="checkbox"/>	<u>                    </u>
Maintenance Fees	<input type="checkbox"/>	<u>                    </u>
Other	<input type="checkbox"/>	<u>                    </u>
Other	<input type="checkbox"/>	<u>                    </u>

### Living Expenses:

Food	<input type="checkbox"/>	<u>                    </u>
Personal Travel	<input type="checkbox"/>	<u>                    </u>
Clothing	<input type="checkbox"/>	<u>                    </u>
Alimony & Support	<input type="checkbox"/>	<u>                    </u>
Auto License/ Maintenance	<input type="checkbox"/>	<u>                    </u>
Insurance – Auto	<input type="checkbox"/>	<u>                    </u>
Insurance – Life	<input type="checkbox"/>	<u>                    </u>
Medical / Doctor	<input type="checkbox"/>	<u>                    </u>
Prescription Drugs	<input type="checkbox"/>	<u>                    </u>
Dental	<input type="checkbox"/>	<u>                    </u>
Laundry / Dry Cleaning	<input type="checkbox"/>	<u>                    </u>
Pets	<input type="checkbox"/>	<u>                    </u>
<b>Sub Total</b>	<input type="checkbox"/>	<u>                    </u>

### Work Expenses:

Transit - Applicant	<input type="checkbox"/>	<u>                    </u>
Transit - Spouse	<input type="checkbox"/>	<u>                    </u>
Lunches / Breaks	<input type="checkbox"/>	<u>                    </u>
Daycare	<input type="checkbox"/>	<u>                    </u>
Special Clothing	<input type="checkbox"/>	<u>                    </u>

### Personal Expenses:

Tobacco	<input type="checkbox"/>	<u>                    </u>
Alcohol / Beverages	<input type="checkbox"/>	<u>                    </u>
Recreation	<input type="checkbox"/>	<u>                    </u>
Babysitter	<input type="checkbox"/>	<u>                    </u>
Personal Grooming	<input type="checkbox"/>	<u>                    </u>
Barber/Hairdresser	<input type="checkbox"/>	<u>                    </u>
Magazines / Newspapers	<input type="checkbox"/>	<u>                    </u>
Gifts	<input type="checkbox"/>	<u>                    </u>
Donations	<input type="checkbox"/>	<u>                    </u>
School Expenses	<input type="checkbox"/>	<u>                    </u>
Allowances	<input type="checkbox"/>	<u>                    </u>
Total Expenses	<input type="checkbox"/>	<u>                    </u>
Debt Payments	<input type="checkbox"/>	<u>                    </u>

**Total**                                                                

### Summary of Funds Available

<b>Net Income</b>	
From All Sources	<u>                    </u>
Less Total Expenses	<u>                    </u>
<b>Funds Available</b>	<u>                    </u>

## Now...create your budget!

You're getting closer...all you have to do is identify your income sources and subtract your estimated expenses. Voila — you're on the road to financial success!

### **BUDGET WORKSHEET SUMMARY**

#### **Monthly Net Income**

Income #1 \_\_\_\_\_  
Income #2 \_\_\_\_\_  
Other \_\_\_\_\_

**Income Subtotal** \_\_\_\_\_

#### **Monthly Expenses Budget**

Housing Expenses \_\_\_\_\_  
Living Expenses \_\_\_\_\_  
Work Expenses \_\_\_\_\_  
Personal Expenses \_\_\_\_\_

**Expenses Sub-Total** \_\_\_\_\_

**Available Income** \* \_\_\_\_\_

\* Available income should be used for savings, emergencies and other financial goals.

### **General Guidelines**

Here is a rough guideline (may vary depending where you live in Canada and your personal income) of how much of your income should be spent on different expenses:

- Housing—30% - 40%
- Transportation—10%
- Food—20%
- Clothing—5%
- Recreation—5%
- Utilities—5% - 10%

# Credit Management 101

Credit is often misunderstood. Here are some credit basics to help you understand the importance of credit and how to use it to your financial advantage.

## ***What is credit?***

Credit is the ability to borrow money or obtain goods by paying little or no money at the time of purchase. The remaining amount of the purchase must be paid during a specified period, along with the interest.

## ***Why is a good credit history important?***

Lenders only want to lend to people that have a positive record of repaying their loans and making timely payments. Your credit history will record your payments on credit cards, car loans, student loans, or home mortgages. If you have a good credit history, you will be able to:

***Did you know...*** *Having no credit history is just as bad as having a negative credit history?*

- Buy a home or rent an apartment
- Get a job (employers may conduct a credit check to indicate your financial honesty and personal integrity)
- Borrow money (student loan, business start-up loan, renovations)
- Obtain a credit card to charge goods and services
- Finance a car

## ***How do I know what my credit history is?***

Every year, you should review your credit report. You can get a copy of your own credit report for a small fee by contacting the following credit bureaus:

### **TransUnion**

Phone: 1-800-663-9980

[www.transunion.ca](http://www.transunion.ca)

### **Equifax**

Phone: 1-800-465-7166

[www.econsumer.equifax.ca](http://www.econsumer.equifax.ca)

### **Experian Credit Bureau**

Fax: 1-800-644-5876

[www.creditbureau.ca](http://www.creditbureau.ca)

### **What if I have a bad credit rating?**

Having a bad credit rating is serious. It can affect your financial reputation for up to seven years and prevent you from reaching your future goals — whether it be obtaining your dream home or having your ideal job.

### **What do I do to build a good credit history?**

To manage debt wisely and ensure a good credit history, keep the following points in mind:

**1. Pay your bills on time.** If you are unable to pay your bills as agreed, contact your creditors and explain your situation. Also, you can contact a non-profit credit counselling service, such as Credit Counselling Canada ([www.creditcounsellingcanada.ca](http://www.creditcounsellingcanada.ca)), for an agency in your community to get professional, unbiased and confidential advice. They also provide sample letters for you to inform creditors of your situation.

**Did you know...** Creditors also have the option to **repossess collateral** you pledged towards your debt (typically, these assets include household goods, cars and homes). They could also **garnishee your wages** or have money owed deducted directly from the pay cheque you receive through an employer (up to 20% of gross wages) until the debt is paid off.

**2. Do not sign a credit contract until you read and understand it.** If you don't understand it, ask questions until you are satisfied.

**3. Never sign a blank sheet.** Your signature is your promise to pay and a contract is a legal document. Know the implications.

**4. Try to pay off any debt quickly.** Avoid prolonged low monthly payments and avoid having to refinance at higher interest rates.

**5. Deal with known, respected and established companies.**

**6. Make sure you understand the total cost of your purchase.**

**For more information, visit:**

**[www.crediteducationweekcanada.com](http://www.crediteducationweekcanada.com)**



## Credit cards can *help* your credit

Credit cards can be a powerful financial tool when used wisely. To make credit cards work for you, it's important to understand some basic guidelines to help you use ~~is~~ responsibly and to your financial advantage.

To use credit cards wisely, follow these tips.

- **Keep track of your credit card purchases**– Knowing what you spend everyday will help you stay within your budget.
- **Pay off your credit card balance every month**– Make it a priority to pay the maximum amount of your credit balance every month.
- **Make your payments on time**– Pay close attention to the due date of your payments since a history of late payments may affect your credit score.
- **Shop around to find the best credit card that meets your financial lifestyle**- Shopping around can save you money in the long-run and may even provide you with valuable rewards. **The Financial Consumer Agency of**
- **Canada (FCAC)** offers a useful credit card comparison table within the 'Credit Cards and You' section of their Web site as a resource for consumers (<http://www.fcac-cfc.gc.ca/eng/consumers/CreditCards/default.asp>).

### DO NOT ...

- Get into the habit of making only the 'minimum payment' due on your credit card balance every month
- Borrow money to pay off another debt or loan
- Obtain a new credit card to pay off an old one

### If you are concerned about your credit, take these following steps:

- Monitor and look for ways to reduce your spending. Leave your card at home or put it in a different place in your wallet as a reminder not to use it.
- Revise your current budget and make credit card payments a higher priority. Make at least the minimum payment each month and set up a firm timetable to pay off your debt.

# Youth and Money

## Secrets to Saving

Starting college or university can be the most exciting time in your life—especially if you are financially prepared! Here are some tips that have helped many new graduates succeed—both academically and financially!

**1. Take advantage of scholarships, bursaries, and awards** — Search your school’s Web site and apply to the bursaries available. Bursaries are different from scholarships because they are given to students based on financial need, not academic performance.

**2. Split transportation costs**—Parking passes can be expensive, so coordinate your class schedule with friends so that you can all share a parking pass together. If you use the TTC, you can buy a transferable Metropass with your friends and share the benefits of saving money and the environment. Local universities and colleges offer a limited number of Metropasses at a discount price to students and staff. Visit your school’s Web site for more information.

**3. Buy used books** — Books are a huge expense for students, so, to cut costs, purchase them used. Look on bulletin boards and community papers to see who’s selling. Unfortunately, many university and college book stores have caught on, so every year the books for certain courses change. In this case, obtain the list of required texts as soon as possible. See if you can purchase them online through a company such as Amazon.com that offers lower rates.

**4. Check out these websites** —

- [www.debtfreegrad.com](http://www.debtfreegrad.com) — information on helping students towards graduating debt free.
- [www.canlearn.ca](http://www.canlearn.ca) — information on planning and paying for post-secondary education. It has information on student loans, student financial assistance, scholarships, and more.

# Monthly budget for students

## Develop a realistic budget.

Think of it as a tool to manage your finances regularly by tracking where your money comes from and what it goes towards. Factors that you need to take into consideration when starting a budget:

**Net income:** the portion of your income that you get to spend after paying your taxes and other expenses such as medical benefits.

**Fixed expenses:** these are expenses that are the same every month such as rent or the cell phone bill.

**Variable expenses:** these are expenses that occur regularly; however, they can vary on a monthly basis based on personal use. Examples include grooming and clothes.

**Incidental expenses:** expenses that happen occasionally like gifts or travel expenses.

## Typical cost for an eight-month education program.

Costs	Living away from home	Living at home
Tuition & Books	\$ _____	\$ _____
Supplies	\$ _____	\$ _____
Housing	\$ _____	\$ _____
Food	\$ _____	\$ _____
Utilities	\$ _____	\$ _____
Clothing	\$ _____	\$ _____
Grooming & Hair Cuts	\$ _____	\$ _____
Health Costs	\$ _____	\$ _____
Entertainment	\$ _____	\$ _____
Local Transportation	\$ _____	\$ _____
Return Transportation	\$ _____	\$ _____
Other	\$ _____	\$ _____
<b>Total</b>	\$ _____	\$ _____

# Expense guide for students

Expenses	Budget	Actual	Revised for next month
Books/Stationery			
Internet			
Cell phone/Telephone			
School related activity fees/Sports			
Laundry/Dry cleaning			
Cable television			
Entertainment			
Snacks/Pop/Lunches			
Hair dresser/Barber			
Personal grooming items			
Clothing			
Automobile			
Insurance			
Gas			
Transit			
Savings			
Other			
Other			

<b>Total:</b>	
<b>Total expenses:</b>	
<b>Funds available:</b>	

**Bad Debt:** loans or debts that have been unpaid by the borrower or have gone into default.

**Charge-offs:** loans or debts that have gone unpaid by the creditor, which they report to the credit bureau for inclusion on an individual's credit report. Essentially, the creditor has given up on collecting payment, however, most lenders view charge-offs as debts which are still owed.

**Credit Report:** a history of your use of credit; a file maintained by a credit bureau which contains information about a person, such as where they live, where they work, whether they have filed for bankruptcy, and behaviour concerning money borrowed and payments made.

**Credit Risk:** a term used to refer to the level of risk or likelihood of an individual borrower's future or potential for default.

**Credit Score:** a numerical value determined by a statistical model based upon past credit behaviours which predicts the likelihood of future loan default.

**Credit-worthiness:** people who have established credit and maintained a positive credit history are considered to be credit-worthy.

**Debt-to-income Ratio:** the mathematical calculation of debts to income. Debts divided by income gives you the ratio. The credit industry recommends that no more than 20% of one's net income should be spent on long-term debts, excluding home mortgages.

**Default:** failure to meet a payment or fulfill a credit obligation.

**Good Credit:** term used to show that one's credit has been handled responsibly and that payments have been made on time.

**Gross Income:** amount of income earned prior to any deductions.

**Impaired Credit:** term used when payments have been made late and/or that credit reports contain things such as bankruptcies, charge-off accounts and other things viewed negatively by the credit industry.

**Line of Credit:** preauthorized amount of credit offered to an individual, business, or institution that is usually secured against an asset.

**Loan:** money you borrow from a bank with a written promise to pay it back later, with fees and interest .

**Margin:** an amount expressed as a percentage added to the index for an Adjustable Rate Mortgage (ARM) to establish the interest rate on each adjustment date.

**Money Order:** used to pay bills or make purchases in cash where cash is not accepted; looks like a cheque but it's not.

**Needs:** things that are required for basic survival, such as food.

**Net Income:** amount of money paid to the employee after taxes and other deductions have been subtracted.

**PITI:** acronym for principal, interest, taxes and insurance.

**Principal:** the actual amount of money borrowed or the amount of the loan that has not been paid back yet to the lender.

**Revolving Account:** form of credit account where you are given the choice to pay the debt in full each month or make a minimum monthly payment based on the outstanding balance. This includes credit cards and department stores.

**Secured Credit Card:** a credit card that is backed by collateral, usually cash.

**Secured Loan:** a loan which is backed by collateral and secured by something tangible, such as a home.

**Truth-In-Lending Act (TILA):** federal law which requires disclosure of a truth in lending statement for consumer loans. This statement includes a summary of the total costs of credit, such as APR.

**Unsecured Debt:** loans that are not backed by collateral.

**Variable Expenses:** costs or payments which may vary from month to month, such as grocery bills.

**Wants:** things which are not essential for survival but are desired for comfort, convenience or status.

## Resource Directory

The following Web sites provide a wealth of information.  
Check it out for yourself!

### Advice about money management

Credit Canada\*—[www.creditcanada.ca](http://www.creditcanada.ca)

Capital One\*—[www.capitalone.ca](http://www.capitalone.ca)

Canadian Mortgage Housing Corporation— [www.cmhc.gc.ca](http://www.cmhc.gc.ca)

Credit Counselling Canada—[www.creditcounsellingcanada.ca](http://www.creditcounsellingcanada.ca)

Ontario Association of Credit Counselling Services— [www.indebt.org](http://www.indebt.org)

Can Learn\*—[www.canlearn.ca](http://www.canlearn.ca)

Graduating Debt Free— [www.debtfreegrad.com](http://www.debtfreegrad.com)

GE Money—[www.gemoney.ca](http://www.gemoney.ca)

Asset—[www.asset.net](http://www.asset.net)

MJR Collections—[www.mjrcollections.com](http://www.mjrcollections.com)

Financial Consumer Agency of Canada—[www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca)

Hip-Hop Summit\*—[www.hsan.org](http://www.hsan.org)

Canadian Bankers Association\*—[www.cba.ca](http://www.cba.ca)

Visa Canada— [www.practicalmoneyskills.ca](http://www.practicalmoneyskills.ca)

Industry Canada— [www.ic.gc.ca](http://www.ic.gc.ca)

Junior Achievement of Canada— [www.jacan.org](http://www.jacan.org)

### Free or Affordable Goods & Services

On line posting of items people are giving away,  
selling or bartering:

[www.211.ca](http://www.211.ca)

[www.freecycle.org](http://www.freecycle.org)

[www.craigslist.org/iso/ca](http://www.craigslist.org/iso/ca)

[www.favourville.com](http://www.favourville.com)

\* Information from these Web sites were used in the development of this document.

## Thank you to our sponsors

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TransUnion

  
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**GE Money**

  
CMHC SCHL  
HOME TO CANADIANS

  
**Mintz & Partners Limited**  
Trustee in Bankruptcy [enjoyafreshstart.com](http://enjoyafreshstart.com)

**EQUIFAX**

### Just a reminder...

A downloadable version of this booklet is available at:  
[www.crediteducationweekcanada.com](http://www.crediteducationweekcanada.com)