

COMMON CENTS

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Kids & Money



Did you know that we have a website?

Well, we do and we've been adding to it regularly! Over the last year we've been working very hard on our new 'Self Help' section. Now, you can access many of our educational materials in the privacy of your own home. Just visit us at:

www.creditcounsellingsm.ca

Click on the 'Self Help' heading on the left hand side of the web page and then choose one of the following topics!

- Kids & Money
- Money Basics
- Credit Basics

Questions? Just give us a call today at (705) 254-1424.

Is Christmas Scariet Than Halloween?

Does the thought of Christmas send financial shivers down your spine and make you want to howl at the moon? Many people are still paying off debts from *years* gone by!

The bad news is, time is running out to properly prepare for this year's holiday season. A rule of thumb is to not borrow more than you can pay off in full in a 3 month period of time.

The good news is, now is the time to plan for Christmas 2007! Estimate all of your gift expenses for the year, including birthdays, Christmas, and special occasions. Divide this number by twelve and that is what you have to set aside per month starting in January. Keep this money in a separate savings account. This way, when the time comes to purchase a gift, the money will be sitting there ready to use.

The Money Basics section of our website's 'Self Help' section has a Gift Planning template that you can use to get started!

BWARE: Credit Repair Agencies

Internet, television, newspapers... advertisements for credit repair agencies seem to be just about everywhere. These companies all make very similar claims:

'Erase Your Bad Debt Today!'

'Clean Up Your Credit, Guaranteed!'

'Credit Secrets, How to...'

For a fee, some companies will promise to clean up your credit report to enable you to start borrowing again, get insurance, or apply for a job. Save yourself some time and money by disregarding all of these ads. There is nothing legal that any of these companies can do for you that you can not do yourself for free!

Any valid information on your credit report is there for 6 years from the date of last activity before it will fall off (be removed). Should you discover incorrect information on your credit report, you will want to request that the credit reporting agency launch an investigation. More information on investigating errors on your credit report can be obtained from either of these websites: www.transunion.ca or www.equifax.ca

You can also learn how to order a free copy of your credit report from these websites!

Quick Credit Tips:

Regardless of the type of credit you may use, it is important to keep in mind that **a creditor's role is to simply sell you money at a higher price.** They do this because they profit from it!

You can't borrow yourself out of debt! Refinancing, consolidating, or transferring balances may allow some breathing room but they are not solutions, they are a band aid fix. The debt is still there and has to be dealt with.

Forced Savings?

Do you find saving difficult? You are not alone if you do! Countless people live the 'paycheque to paycheque lifestyle'. Without savings, people make themselves dependent on using credit when they have an emergency or an unexpected expense. A good way to jump start your savings is to take a 'forced savings' approach.

Open a separate savings account: Ideally, people should have at least two (low cost) bank accounts; one chequing and one savings. It can be very confusing if you let your everyday money co-mingle with your savings; keep it simple by keeping them separate.

Don't attach it to your debit card: If you are prone to spend on impulse, it is a good idea to restrict your access to your savings account. Your savings will be accessible to you in case you need it but you'll have to physically go into the bank/credit union in order to access the money; preventing you from whipping out your debit card on impulse.

Pick a savings target (% of income): Set a **reasonable** savings goal for yourself/family. Experts say you should start small and work big. By starting small you will likely be successful and this will give you the momentum that you need in order to keep working towards your new savings goals! The industry suggests 10% of your income should be directed towards savings. This is a lot of money, especially if you've never saved before. Try 2% or 5% to start, you can always step it up to the ideal 10% down the road.

Have it automatically deducted: Talk to your bank/credit union or employer (depending on how your payroll works) and have them set up your account to automatically direct a portion of your paycheque directly to your savings account. (For example, every paycheque that comes in, 95% goes into chequing and 5% goes into savings.) The 'automatic' part is the key! To you it will likely feel like just another deduction but you will be amazed at how fast the money will grow!

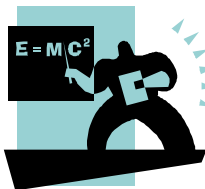
Add to your account: Once you have accumulated some money in your savings you will likely want to see continued growth! Income tax, GST returns, overtime, pay raises...whenever you have the opportunity, add to your nest egg!

Look for higher interest opportunities: Standard savings accounts don't pay a lot of interest these days. Once you have accumulated some savings, it would be wise to talk to an investment counsellor. They can help you choose from a variety of products that will give you a better return. Remember, you don't want to lock all of your savings away, it is a good idea to keep some emergency money accessible at all times so it is readily available when you need it.

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Convenience Equals More Money

Ok... so maybe it's not the theory of relativity...but it's still a good tip to keep in mind! As a rule of thumb, convenience items tend to cost more money.



How much money is your time worth ?

Depth on Debt:

Beware of little expenses; a small leak will sink a great ship.
-Benjamin Franklin

It is an unfortunate human failing that a full pocket book often groans louder than an empty stomach.
-Franklin D. Roosevelt

The real measure of your wealth is how much you'd be worth if you lost all of your money.

-Author Unknown

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Humour: "My spouse lost their wallet full of credit cardswe haven't reported it yet because whoever found it spends a lot less money!"
- Author Unknown

Pumpkin Off His Gourd!



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