



COMMON CENTS

Volume 11, Issue 4

Fall 2007

FALL

Tips for a Stress Free Christmas

Make a Christmas list (with dollar amounts). Create a spending plan and decide ahead of time how much you plan to spend on whom.

Stick to your Christmas list. There's no point in creating a budget if you don't follow it. Carry it with you when you go shopping so you know how much you can spend on each gift. Once you are done don't tempt yourself, stop shopping.

Pay with cash. If you have a credit card, you will probably spend more than if you pay with cash. Withdraw enough cash for your day's shopping. An added bonus; by paying cash, you avoid the 18.5% or higher interest charges on credit cards if they are paid in full the following month when the bill arrives.

Talk with your family & friends. To avoid going overboard, set limits with family and friends. Emphasize thought and creativity, not price.

The best gifts can cost the least. Be creative. The most thoughtful gifts cost next to nothing. Your "gifts" of time and services (such as babysitting), handcrafts, or home baked gifts can mean more to the recipient than a store bought item.

Don't keep paying for Christmases past. Don't charge more that you can afford to repay within 90 days or less.

Plan for next year. Keep your receipts so you can assess your spending come January and then create a budget in which you can contribute monthly and save towards for 2008.

Remember the true meaning of the holiday season. Who got what, or how the gifts were wrapped will soon be forgotten. The best holiday memories come from the simple moments we share with the people we care about.

Avoiding the Debt Cycle

Does the thought of Christmas send financial shivers down your spine? Are you asking yourself how am I going to pay for the gifts? If you answer "credit" you may be putting yourself into a debt cycle. It may even be that you are still paying for last Christmas, and even a few before that.

Experts say the rule of thumb is to not borrow more than you can pay off in full in a 3 month period of time.

So if you want to avoid credit, now is the time to plan for Christmas 2008! 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 in the account.

For more information on this topic and others please access "The Money Basics" section of our website's 'Self Help' section. There you will find a Gift Planning template that you can use to get started! www.creditcounsellingsm.ca

MOTIVATIONAL MOMENT:

"He who really wants to do something finds a way, the other finds an excuse." - Chinese proverb

TEACHING KIDS TO USE THEIR CENTS

As a parent, you constantly seek out new ways to impact your child's life; and the basics of saving and spending form a strong foundation for their financial future. Here are some, simple yet effective, ways to demonstrate fiscal responsibility early in your child's development:

- Give your child a weekly allowance. Make it clear to your child exactly what they have to do to earn their money, and why its important for them to help out. Explain how you, the parent, work to provide for the family, and that someday they will do the same.
- Introduce your child to banking. This can be as simple as taking your children along to the bank and explaining your transaction. Also consider creating a separate account in your child's name that he or she can personally save a few dollars each week in order to buy that special toy, bike, i-pod, or video game they've been wanting.
- Encourage your child to collect spare change. A traditional piggy bank or coffee can will help your child save pennies, nickels, or loonies. When the container becomes full, show your child how to count and roll up their spare change; this can serve as a constructive family activity.
- Create a back-to-school budget and discuss it with your child. Every kid looks forward to wearing the latest brand names and carrying the coolest notebooks, so use this time to show your child just what kind of financial investment each school year brings. When discussing a budget with your child, consider having them contribute to their own needs.
- Hold a family game night. Instead of allowing your child to watch an extra half hour of television at night, utilize one night for a fun family activity such as Monopoly, Pay Day or the Game of Life. Each of these tools teaches a different money management skill in the form of a fun board game for the entire family.



Tips To Successful Money Management



- 1) **Plan.** Plan ahead for future up and coming major purchases.
- 2) **Set financial goals.** Develop short and long term goals you wish to attain, review and revise.
- 3) **Know your financial situation.** Determine monthly living expenses, periodic expenses and monthly debt payments.
- 4) **Develop a budget.** Follow your budget and evaluate your budget regularly to ensure you are on track by comparing the expenses. Track your daily expenses. Use a monthly budget tracking sheet to assist you in determining where you can cut back on spending.
- 5) **Wisely manage your credit.** Keep in mind the high interest rates credit cards carry. Avoid paying only the minimum on your credit cards, make an effort to pay more to bring down the balance. Use credit for safety and planned purchases.
- 6) **Save for emergencies or the unexpected.** Save for periodic expenses, such as car and home maintenance. Save 10 to 15% of your net income. Build an emergency fund that accumulates 3 to 6 months' salary.
- 7) **Pay your bills on time.** This is the best way to maintain a good credit rating. If you are having difficulty paying your bills, contact your creditors and explain the situation. Contact Credit Counselling Service of Sault Ste. Marie for professional advice.
- 8) **Weigh out the needs and wants.** Take care of your needs first (i.e. food, shelter and clothing). Money should be spent for wants only after all one's needs have been met.

For more information on this topic or other educational topics please access our website www.creditcounsellingssm.ca

The Benefits of Equal Billing



As the winter months approach, the option of paying utility bills by equal billing may be something you may wish to consider. Equal billing allows you to pay the same amount each month over a 10 to 12 month period. For example, if your gas or electrical bill is estimated at \$1,200.00 your monthly payment would be \$100. The advantage of this is it allows you to know exactly what your monthly bill is going to be. In turn there will be no surprises when the mail arrives (for instance opening a gas bill for \$300 during the winter months). Equal billing helps in managing cash flow as it brings more certainty in your monthly spending plan. If by chance you overpay, the utility company will issue you a credit at the end of the year which would be applied to the next year's billing. In turn, if your bill is higher, the company will inform you and then make a monthly adjustment.

If this sounds like a good idea, you may want to consider this option and contact your utility company to determine the monthly payment. Sure you pay more in the summer but is it ever nice not to have a \$300 bill in the winter three months in a row.

CREDIT EDUCATION WEEK CANADA (November 13—16)

**- for more information in obtaining a free presentation for your agency staff or school classroom please contact
Credit Counselling Service of Sault Ste. Marie (705) 254-1424.**

Credit Counselling Service of Sault Ste Marie & District

Phone (705) 254-1424 Fax (705) 254-2541

E-mail: info@creditcounsellingssm.ca

Website: www.creditcounsellingssm.ca

Accredited Member of the Ontario Association of Credit Counselling Services (OACCS), Credit Counselling Canada (CCC), and Member Agency of the United Way of Sault Ste. Marie.

While the information herein is believed to be accurate, Credit Counselling Service of Sault Ste Marie assumes no responsibility for errors, omissions or actions based on this information..



Did you know?

You have rights when it comes to dealing with collection agencies. A collection agency must inform you who they are, how much you owe and who you owe the money to each time they phone. Also, they cannot call before 7 am or after 9 pm (Sundays 1 pm and 5pm). Calling constantly or saying harassing things when they are on the phone is not permitted. They are allowed to contact you three times in a seven day period (including voice mail).

A collection agency can only contact family, friends and employers to get your address, phone number, or to verify employment.

If you feel you are being harassed, contact the Ministry of Consumer and Commercial Relations @ 1-800-268-1142.