



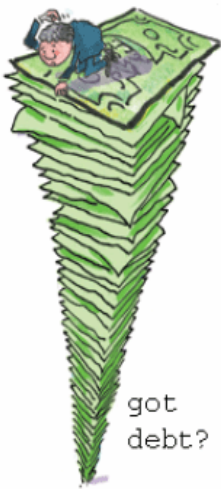
COMMON CENTS

Volume 11, Issue 2

Spring 2007

SPRING

CONTROLLING YOUR DEBT



When it comes to controlling debt, or getting out of debt, there is no one-size-fits-all solution. There is, however, one constant when it comes to controlling debt and getting out of debt: knowledge. Learn the things you need to know in order to control your debt rather than allow it to control you.

1) Needs versus Wants: Credit cards carry an interest rate, so using credit to pay for consumable items can increase the cost of the item purchased and leave you with little to show for it. Think of every purchase as a loan. Never borrow for everyday living expenses.

2) Controlling Your Spending: Developing and maintaining a positive spending plan is vital in the prevention of finding yourself in debt. A spending plan ensures you don't run out of money before your next payday. Try using cash for everyday living expenses.

3) Pay Off Your Debt Quickly: This can save you hundreds or thousands of dollars in unnecessary interest payments. Interest rates can make debt grow quickly without a proper strategy in place. Ideally you only need one general credit card. Always remember to try to pay more than the minimum payment.

4) Cash Savings: Saving for emergency expenses and larger purchases is an essential foundation for your financial plan. A general rule of thumb is to have 3-6 months of living expenses in a savings account.

5) If You Need Help, Get It: When you feel like you're drowning in debt, seek assistance. The sooner you deal with your debt, the less control your debt will have over your life.

A Penny Saved.....

We all talk about saving, yet we are not that willing to make sacrifices. It is, however, easy to cut back on spending without changing your life style. Here are some painless penny pinching tips to consider:



- **Pay yourself first.** Arrange to have a set amount of money deducted from every pay cheque and put in a savings account. If you don't see it, you'll never miss it and you'll have a nest egg for emergencies.
- **Try to avoid finance charges and overdraft fees .** Try to charge only what you can afford to pay off in full at the end of each month when the bill arrives.
- **Don't waste electricity.** Switch to energy efficient bulbs and always turn out the lights and TV when they're not in use.
- **Shop with a calculator.** A useful tool in assisting you on staying on top of your expenses and within your budget .
- **Switch to store brands** of basic items such as rice, salt, paper products, and cleaning supplies. Consider using coupons to cut the costs down.
- **Review your phone and cable bill** and try to get back to the basics. Don't pay for extras you don't really need such as call waiting or premium channels.

...is a penny earned!



ATTENTION ALL EMPLOYERS!

Would you like to help your staff learn to get the most out of their pay cheques? Want to ensure that your staff has reduced stress and is able to perform their duties as effectively as possible? We may be able to help!

As part of our preventative education program, we can provide a very informative group presentation to employees. We talk about budgeting, money management systems, wise credit management techniques, and debt relief options. If you would like to provide your employees with this valuable information, we would be more than happy to tailor a session to meet your needs. Events that we have participated in are: lunch & learn and workday presentations.



Depth on Debt: *"There are plenty of ways to get ahead. The first is so basic I'm almost embarrassed to say it: spend less than you earn."*
~Paul Clitheroe

Teaching Your Children About Money

Why is it that some parents avoid talking to their children about money? Why is talking about money in the household so taboo? Here are some thoughts on the question:

Parents may not be the best money handlers themselves and may not know what to tell their kids.

Parents in some cases are not practicing what they are preaching.

Parents were never taught about money resulting in an ongoing cycle.



Not sure where to start talking to your kids about money?

You're not alone. Much like teaching your kids to look both ways before crossing the street, managing money, is a parental responsibility that safeguards a child's future. Good habits start early in life and the savings habit brings lifelong benefits. Kids are interested in money and they can learn by example and by doing. Sharing how and why your family is saving emphasizes the importance of this positive, lifelong habit. Engage your children using some of these simple suggestions:

Start young: The gift of a piggy bank is a good start to teach your child the value of saving money.

Teach through allowance: Provide an allowance so they can have an income of their own. Children may happen to over spend at times and if they experience this growing pain don't bail them out. This will teach them real-life money management lessons.

Get them thinking about budgets: As they get older, kids become full-fledged consumers and are ready to start learning how to make good spending choices. Help them to understand compromise and limited spending. Teach them to look for deals.

Invest early: It's never too early to invest; in fact, the sooner, the better.

Help them understand the consequences of debt: It is so easy to borrow and buy almost anything these days. As your children get older make sure they understand how manage debt effectively. For example, some retail store credit cards have interest rates as high as 28.8% and minimum payments as low as 3%. If you owe \$2000 on such a card, cut it up. How long do you think it will take you to pay off the debt? By making the minimum monthly payment it would take you 30.5 years to pay the debt off! It would cost you \$7011.95 in interest charges over the 30.5 years and you would pay back a total of \$9011.95 on the original \$2000 in purchases. Now that's a hard lesson to learn!

For more information please access our "Kids & Money" section of our website: www.creditcounsellingssm.ca

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

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