



# Common Cents

Spring 2010 Volume 14 Issue 2

## It's Summer Vacation Time!

Have you thought much about summer vacation? Now would be the time to put a plan in place. If you are going somewhere this summer you still have some time to save up for this extra expense.

For example, let's say our family needs a \$900 budget to spend a week visiting relatives in Southern Ontario. If I have 12 weeks before my family goes away that means I have 6 full paydays...I can allocate \$150 towards my vacation from each of those pays and have \$900 to put towards our vacation.

The best part, it will be paid for! I won't have to finance our trip by borrowing from credit cards etc. and spend months paying it down and trippin' over my trip after the fact.



## When More Pot is a Good Thing!

No, not that kind of pot. A lot of people try to do all of their banking out of one account (they have all their money in one pot). This can be problematic when it comes to saving money. What generally happens is the money comes in (income) and the money goes out (bill obligations). Money in this account is always moving and the balance is continually changing. Trying to save in this same account (pot) is VERY difficult because it is extremely hard to differentiate money to be saved from the money allocated towards living expenses.

Good news! All financial institutions offer a variety of savings accounts and many don't charge for using these accounts if they are used the way they are intended. We suggest people have at least 2 separate accounts; one for living expenses and one for saving. This way, you will know exactly how much has been allocated for your savings goals.

You may choose to have more than one savings account because you are working toward more than one financial goal. For instance, you may have one account for long term savings such as RRSP'S or RESP's and another account for short term savings such as emergencies, vacation, home renovations, or gift giving.

Take it one step further and have your savings run itself. Forced savings; ask your financial institution to take a set amount of each paycheque and allocate it into each of your new savings accounts. Try it, it's money in the bank - guaranteed!

## Personal Finances and Pop Culture...

Internet articles, TV shows, books, software... finally, we are not alone in our mission to help people with their personal finances! The Ministry of Education is even focusing on integrating financial literacy into the classrooms. It seems everywhere you turn, information can be found on how to manage your money better. This is great news because it wasn't long ago when you really had to go looking hard to find good current information on the topic...and it wasn't a likely topic to come up in conversations with friends or family members. It seems that people are getting more interested in making better use of their money. And why not? It makes cents! There is a correlation between how you handle your money and your quality of life.

As individuals we all have different values, wants, and needs; this comes into play every time we open our wallet or purse. The one thing we do have in common is that we all handle money day to day, week to week, and month to month. When you do see something out there on the topic of money, allow yourself the opportunity to tune in; you have a vested interest in this topic. As the saying goes 'Information is Power'. You don't have to try everything you see or read but keep an open mind, you may stumble across a nugget or two!



## Planning Ahead: Buying a House

Buying a home may be the biggest investment you will ever make. That is why it is important to look at all of your costs before you sign the deal. Not only must you have a downpayment, but you must also consider the extra costs for a survey fee, CMHC insurance, land transfer tax, legal fees, moving expenses, utility hook-up fees and possibly a home inspection fee. Then there are all the costs to get settled, such as painting, renovations as well as buying furniture and fixtures.



On a monthly basis, many people only think about affording the mortgage payment, but you must also consider property taxes, house insurance, electricity, heat and ongoing house maintenance. Before considering purchasing you need to review your financial situation and do your homework ahead of time so that you know you can properly afford your new home.

## What to look for on a credit report

One of the most personally identifying documents and often the most overlooked is a credit report. A credit report is a factual record of a borrower's payment history and is used by lenders to determine credit worthiness.



As a consumer in today's world you should be aware that there are two major credit-reporting agencies Equifax Canada and TransUnion. The information included in each file may be different, so it's important to be familiar with both. Your credit report contains a wealth of information, including your last three known addresses, current and previous employers, list of businesses that have inquired about information within your credit file, and the payment history for all your credit accounts—both open and closed within the last seven years. Since your credit file is constantly being updated with new information, it pays to understand exactly what is included in your file and to monitor the accuracy of what is being reported about you.

Monitoring your credit report is one of the best ways to ensure the accuracy of what's being reported about your credit, and is one of the most important steps in protecting your financial well-being. A good rule of thumb is to review your report at least once a year. To obtain a free copy of your credit report every year visit [www.equifax.ca](http://www.equifax.ca) or [www.transunion.ca](http://www.transunion.ca)

**Personal Information** - make sure the names and addresses listed on your report are accurate and up-to-date. In some cases, an incorrect address or suffix, such as Jr. or Sr., can cause your file to be mixed with a person with a similar name. Also, a recent address change may indicate that someone is fraudulently opening accounts in your name and routing the new cards to their address.

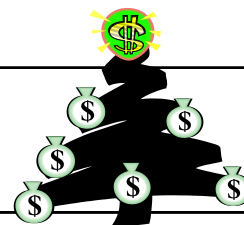
**Account balances** - review all open and closed credit accounts. Make the sure the balances and dates are accurate. Remember to report any unfamiliar account activity, including invalid purchases and payments. Someone could be using your account .

**Inquiries from creditors** - review the list of creditors and businesses who have received information about you. Inquiries result from new credit applications or when you authorize an employer or insurance company to check your credit history. Too many inquiries will have an adverse affect on your credit score and make you appear in the eyes of lenders "credit hungry".

**Credit score** - creditors will employ a scoring system when trying to determine whether or not a person is credit worthy. The type of scoring system used often varies from creditor to creditor. Some information used for evaluation may include: previous credit history; number of years on file; age of applicant; martial status; how long at the current address; debt to income ratio; and/or number of recent credit inquiries. A significant drop or rise in your credit score could indicate a problem. In order for strong credit to occur one should; pay bills on time; only have 1 or 2 credit cards; maintain a low debt to income ratio and/or try to keep a zero balance on your credit cards.

Christmas is coming...

# ARE YOU READY?



**Depth on Debt:**

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



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Since 1969, Credit Counselling Service of Sault Ste. Marie and District has been providing assistance to the people of Sault Ste. Marie who are experiencing the stress of financial difficulties. This non-profit, registered charity, and United Way Member Agency helps people from all walks of life. There are no fees for debt and money management counselling sessions. Professional counsellors work with clients in a relaxed and fully confidential manner. The Agency is an accredited member of the Ontario Association of Credit Counselling Services and the Canadian Association of Credit Counselling Services.

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

