CREDIT COUNSELLING SERVICE
Of Sault Ste. Marie & District
Helping You Get Back On Solid Ground

Common Cents

Winter 2010 Volume 14 Issue 1

TOP 5 CREDIT MISTAKES

These mistakes can cost you hundreds, even thousands, of dollars. Dollars that could be better used towards more meaningful goals!

#1 Not valuing your credit. Having good credit is a valuable commodity, especially when there is a legitimate reason to borrow. (e.g. Buying a car, home, or major appliance.) Often we don't realize the effects of poor decisions surrounding our credit until it is too late. Simple things, such as paying our bills a few days late can have a major impact on our credit worthiness.

#2 Consolidating your debt but not changing your habits. Normally people consolidate when they have a lot of debt and they want to get a smaller payment and a lower interest rate. That can be a great solution, if you are careful. Remember the debt isn't going away it is still there just in a different form. Too often people quickly fall into the temptation of using credit cards again as there are no balances owing, and they haven't changed the money habits that got them into debt trouble in the first place. Soon enough they have several new credit card balances and the consolidation loan is still there too. As a result now have twice the debt. In order to make a consolidation loan work you have to stop using credit cards. You also need to develop a money management system that allows you to save money in advance—that way you don't need to use credit cards to cover living expenses.

#3 Raising your credit card limits. A raised limit is merely an increased temptation to spend more money. When a credit card company wants to raise your limit, take it as a warning signal. Chances are you have been using your credit card for more than just emergencies.

#4 Stretching out a loan to get lower payments. By stretching out your payments over a longer period of time the end result will be higher interest charges over the life of the loan. The two things you should consider are: How long will I have to make payments? How much will the loan end up costing me? If making a payment will be difficult the purchase should be reconsidered to avoid overpaying for the item.

#5 Not knowing your interest rates and fees. Fees will vary widely amongst different credit cards. Make sure you know and understand what rates and fees are before accepting a credit card. Always opt for the lowest cost alternative.

For more information please contact Credit Counselling Service of Sault Ste. Marie, a non-profit, charitable organization that provides confidential counselling, guidance debt management programs and educational services. We are a United Way member agency, an accredited member of the Ontario Association of Credit Counselling Services, and the Canadian Association of Credit Counselling Services. For more information please access our website at www.creditcounsellingssm.ca or to schedule a free, confidential appointment, call 254-1424.

TIPS TO SAVING IN 2010

1. Develop a budget and stick to it!
2. Write down your out of pocket expenses for an entire month.
3. Use coupons. Small savings add up.
4. Comparison shop and get the lowest price.
5. Shop with a list and stick to it.
6. Cook more, use convenience foods less.
7. Distinguish between needs and wants.
8. Save for emergencies.
9. Pay off your credit card balance monthly.
10. Always get the lowest interest rate you can.
11. Use credit only as a convenience & pay your bill in full.
12. Start saving now for Christmas.

.Simple ways to improve your credit score:

- Keep account balances below 75% of credit limit
- Meet all bill due dates
- Pay your debts off in full or ahead of schedule
- Check your credit report for accuracy
- Avoid applying for credit unless you need it (too many inquiries makes you look credit hungry)

EQUIFAX Consumer Services Canada

TransUnion.

If you are wanting more information on your credit please contact Equifax Canada at www.equifax.ca or Trans Union Canada at www.transunion.ca

Canada Student Loans and Grants—Information on Repayment Assistance

In today's day and age getting an education has never been more important and along with that success for some comes the responsibility of repaying your student loan.

As a student you are not required to make loan payments while you are studying full-time and interest will not accumulate. But as a graduate or one who may have stopped attending on a full-time basis you are required to begin repaying your student loans six months afterward.

If you face difficulty paying back your student loan, the optional Repayment Assistance Plan will allow you to only pay back what you can reasonably afford.

The Repayment Assistance Plan:

- Available to borrowers having difficulty playing their student loan.
- No borrower will have a repayment period for more than 15 years, or 10 years if they have a permanent disability.
- Loan payments are based on the borrower's income level of debt and family size.
- The maximum affordable loan payment will not exceed 20 per cent of a borrower's income.

In certain cases where borrower's earn very little income, they would not have to make any loan payments until their income increases.

The Repayment Assistance Plan replaces the current federal interest relief and debt reduction.

For more information on how to apply please contact the National Student Loans Service Centre at 1-888-815-4514 or access the website www.CanLearn.ca

Motivational Moment:

"Before you can really start setting financial goals, you need to determine where you stand financially."

David Bach

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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.

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