



We Help. We Educate. We Give Hope.

Review



- Did you order credit report? Credit score?
- Any surprises?
- Any issues that need to be resolved?



Money Mornings: Debt Solutions

www.nomoredebts.org | www.mymoneycoach.ca

Agenda

- Types of debt
- Strategies to repay debt
- Researching outside support
- Debt solution options



Objectives



By the end of this session, you will be able to:

- Reflect on your personal situation
- List three strategies to deal with debt
- Know where to look for more help

Debt in Canadian Society



- Current debt-income ratio is 1.65
- 35% of Canadians struggle to pay monthly bills
- 50% have no budget
- 50% report living paycheck to paycheck
- 51% lie about their finances

* Stats sources from Stats Can and BMO Surveys

Types of Debt

- Unsecured
 - Debt without an asset tied to it
- Secured
 - Debt guaranteed by collateral
- Government
 - Debt owed to the government



Unsecured Debt



Debt without an asset tied to it

- Revolving: Credit card, line of credit
- Installment: Loan
- Open: Cell phones, cable contracts, gym memberships

Secured Debt



Debt guaranteed by collateral

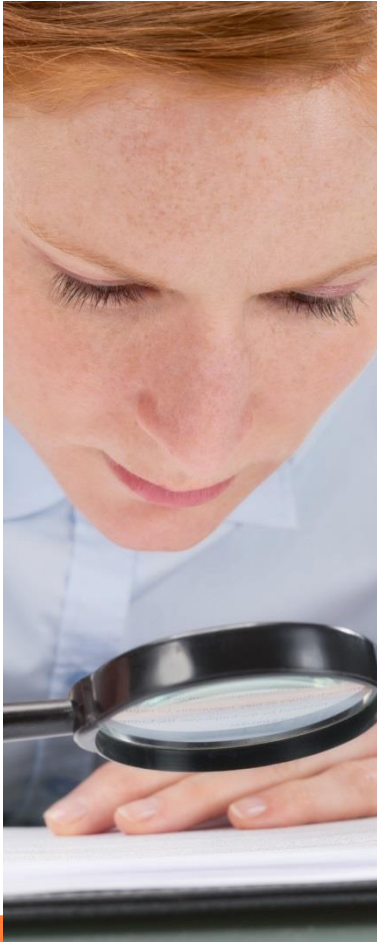
- Revolving: Credit card, line of credit
- Installment: Loan, Lease, Mortgage

Government Debt



- Debt owed to the government
 - Taxes
 - Student loans
 - Provincial medical premiums
 - Provincial insurance

How Much Debt Do I Have?



Take an inventory of your debts

- Make a list of all debts
 - Include balances, minimum payments and interest rates
- Request your credit report if you don't know
- Determine your strategy

Credit Reporting Agencies



Equifax - www.equifax.ca

1-800-465-7166

Transunion - www.transunion.ca

1-800-663-9980

Options for Dealing with Debt



- Self-Administered
- Debt Management Program
- Legal Solutions
 - Consumer Proposal
 - Bankruptcy

Check for Signs



- Am I regularly in my overdraft?
- Am I using credit to deal with emergencies?
- Am I using credit often to supplement living expenses?
- Am I moderately stressed about money?

Self-Administered



Increase income and/or decrease expenses

- Track your expenses
- Create a realistic budget
- Allocate surplus towards debt

Self-Administered



Talk to your financial institution

- Consolidation loan, refinance mortgage
- Ask for lowered interest

Ask family and friends for help

Sell assets

Self-Administered



Select a pay down method

- Debt Avalanche Method
- Debt Snowball Method

Self-Administered



Debt Avalanche

- Pay debts in order of interest rate
 - Start with the highest interest rate
- Focus on paying off one balance at a time
 - Make minimum payments on all other debts
- Pay debts faster and less interest

Self-Administered

Debt Snowball

- Pay debts in order of balance
 - Start with the lowest balance
- Focus on paying off one balance at a time from smallest to largest
 - Make minimum payments on all other debts
- Quick satisfaction and motivation



Self-Administered

If you get an influx of money, considering putting:

- 40% towards debt
- 40% towards savings
- 20% towards guilt-free fun



Check for Signs



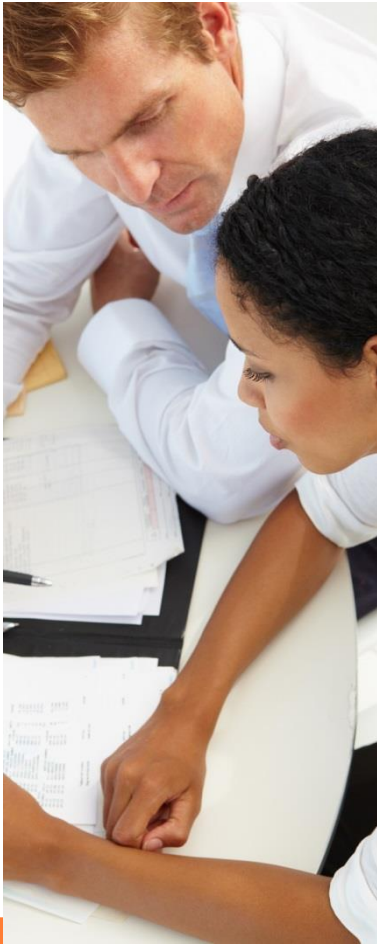
- Are my credit products maxed?
- Am I fighting with family about money?
- Am I considering selling investments/RRSPs to pay debt?

Check for Signs



- Have I been declined for credit?
- Am I receiving collection calls?
- Am I using or considering payday loans?
- Is my stress level impacting my health and sleep?

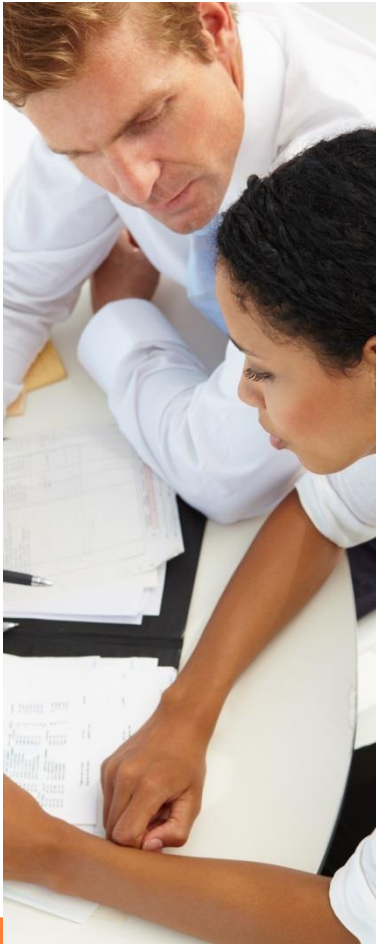
Seeing a Credit Counsellor



Do some research:

- Is the organization non-profit?
- Are they accredited? Through whom?
- What kind of training do the credit counsellors go through?
- Are there fees? If so, for what?
- Are there complaints with the BBB?

Credit Counselling Society



A non-profit organization started in BC in 1996.

- Accredited through Credit Counselling Canada
- Counsellors trained to receive AFCC designation
- Fees are only charged for program participation. Counselling is free.
- A+ rating with BBB

Seeing a Credit Counsellor



- Appointments can be done in person or by telephone
- You'll go through a full financial analysis
 - Income, assets, liabilities, monthly expenses and debts
- Your counsellor will review your options

Debt Management Program



A voluntary repayment agreement between you and your creditors.

- Creditors reduce or eliminate interest
- Unsecured debts are consolidated in a single monthly payment
- Has an impact on your credit but with no permanent record

Debt Management Program



At the Credit Counselling Society:

- All counselling is free and confidential
- Education and counselling support provided throughout
- Assistance rebuilding credit once complete

Consumer Proposal



A legal process in which you pay back a portion of your total debt.

- Make fixed monthly payments for a set period of time
- Can include some government debts
- Impacts your credit negatively and leaves a permanent record
- Fees apply

Bankruptcy

A legal process in which you receive relief from your debts.

- Required to surrender certain assets
- Can include some government debts
- May be required to make payments
- Impacts your credit negatively for a longer period of time and leaves a permanent record
- Fees apply



Difficulty Paying



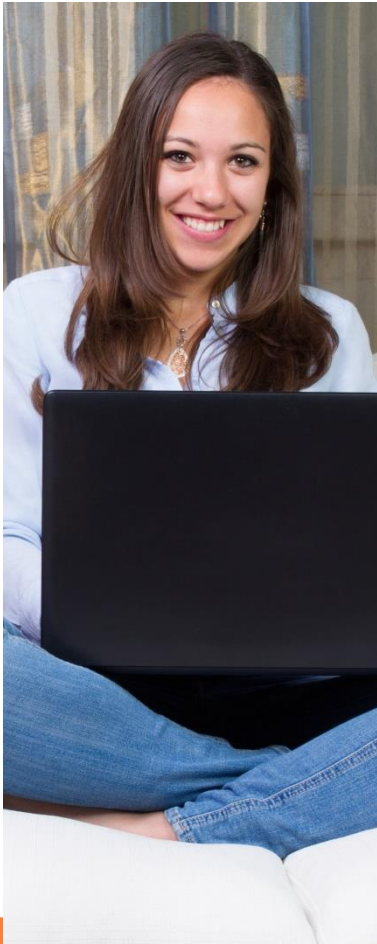
- Communicate with creditors
- Considered secured assets that may be at risk
- Be aware of the Right of Offset
- Know about your provincial statute of limitations

Final Words



**The earlier you take
action, more options
will be available.**

Conclusion



Now you are able to:

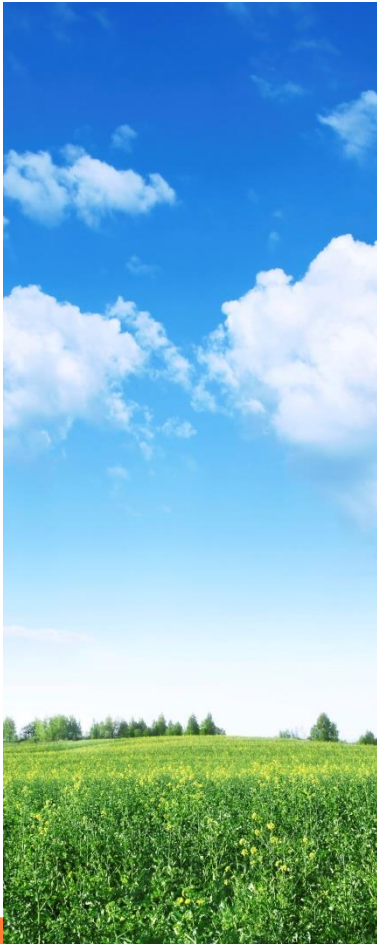
- Reflect on your personal situation
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Learn More

- Free tools and resources available at:



- Discover more through our:
 - Monthly newsletter
 - Social media



How We Help



- Confidential, *no-cost* credit and budget counselling
- Debt repayment programs and alternatives
- Consumer workshops on credit and money issues
- Helpful money management tips online:

NoMoreDebts.org myMoneyCoach.ca

1-888-527-8999