

# Dollars & Sense

Stay on top of your financial situation

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A guide to credit counselling and what we can do for you

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Resolve

We're here.  
Let's talk.

Credit & Financial Counselling Services  
Services-conseils en finances et crédit  
Let's talk about money • Parlons argent





## WHO WE ARE

Resolve Credit & Financial Counselling Services is a division of Resolve Counselling Services Canada. We are a not-for-profit, charitable organization established in 1968, dedicated to helping our clients achieve financial stability.

## What is Credit Counselling?

### Budgeting & Money Management

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When it comes to effective budgeting and personal money management, more money is not the only answer—better management of the money you have may be your solution. Organize your financial life.

#### Learn:

- to live within your means
- what money traps to avoid
- to save for purchases and expenses in the future
- to teach your children about money, savings, and credit
- good buying habits

### Debt Management Program

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Depending on your financial situation, enrollment in a Debt Management Program (DMP) may be one option presented to you by your Credit Counsellor. A DMP is a debt relief option where your Credit Counsellor will negotiate a monthly payment arrangement for you with your creditors enabling you to pay down your debts over time. Your Credit Counsellor will submit reduced monthly repayment plan proposals to your creditors. Many creditors will stop or reduce interest charges altogether. Important things to know about the DMP process is that (i) creditor participation is voluntary, (ii) client participation is voluntary and will not affect ownership of assets provided that payments associated with those assets are maintained, (iii) co-signers on debts remain liable and are not included in the DMP without their written consent, (iv) collection activity will stop (provided that regular payments are being made), and (v) minimal fees may apply to help offset the cost of program administration, counselling, and advocacy.



**GETTING  
HELP WHEN  
YOU NEED  
IT**

It can be very difficult to ask for help when you need it. When you have a debilitating problem like growing debt, however, it is critical that you access the right services to help address the problem so that you can reclaim your life. Whether it is learning new skills that will help you manage your money more effectively or having someone help you develop a repayment plan for your debts, Resolve Credit Counselling can help. We provide our clients with free, confidential counselling.

Just remember we don't perform miracles. We will offer you the opportunity to meet with a professional, well-qualified counsellor who will help you make informed decisions about your situation each step of the way.

**We can help when:**

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- You want an honest evaluation of your situation
- You need to pay down high interest debt
- You have an income interruption
- You have cash flow difficulties
- You are considering credit options
- You need help planning for a large purchase
- You are thinking about bankruptcy
- You are setting up a budget
- You no longer answer your phone due to collection calls
- You are combining incomes/debt loads with a partner
- You are using pay day lenders

**Disclaimer:**

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This brochure has been prepared and distributed for general information purposes and may not be applicable or relevant to your individual case. Please contact Resolve Credit Counselling at 1-800-379-5556 to discuss your particular situation with a Credit Counsellor.



## **SURVIVING A FINANCIAL CRISIS**

A financial crisis can hit when you least expect it. Illness, an accident, a job strike or layoff are unforeseeable financial setbacks that can come with little notice and cause tremendous stress.

In a perfect world, you've saved the “3-6 months income to fall back on in hard times” that everyone talks about. In the real world, however, you may be living pay cheque to pay cheque or have a very small amount of savings. Knowing the basics of how to navigate unexpected financial crunches will help you focus your energy where it is most needed—such as recovering from an accident or finding full-time employment.

### **Consider the sources of income you will have in the event of an unexpected financial crisis:**

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- Employment Insurance (always apply to determine eligibility)
- Employment Insurance Sick Benefits
- Short Term or Long Term Disability
- Ontario Disability Support Program or Canada Pension Plan Disability
- Severance Pay
- Early access to Company Pension or Canada Pension Plan
- Increase to benefits like Child Tax Credit

### **Determine what potential financial resources you can draw on if necessary:**

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- Savings and investments
- Life Insurance with a cash value or flexible repayment loan
- RRSP's that are accessible (keeping tax implications in mind)
- Locked-in pension funds that can be accessed under government "hardship" withdrawal
- Programs may be available to assist you with utility arrears



## MANAGING THE CRISIS TOGETHER

### **If you are in a financial crisis start cutting expenses immediately!**

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Your goal is to make your reduced income last as long as you can while working on improving your situation.

Review your household budget and determine the minimum amount of money you can manage on for a month. Don't wait until there's no money to decide to curb your spending!

### **Consider the following:**

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- If you have a mobile phone, consider discontinuing landline phone service. Reduce data and mobile phone features. Consider bundling services to also save money.
- Go with basic cable TV or satellite.
- Stop eating out and buying takeout. Reduce the amount you spend on entertainment and look for free events to attend. Cut back on frequent, non-essential expenses such as Tim Hortons and Starbucks.
- Put gym and other memberships temporarily on hold or cancel.
- Work at reducing utility costs. Keep heat and air conditioning to the minimum required for comfort. Be mindful of wasteful usage of electricity and water. Take advantage of off-peak time hours when doing dishes and laundry.
- Plan vehicle use wisely to cut down on fuel costs.



**PROTECT  
YOUR CREDIT  
RATING IN  
ADVANCE**

**Before you fall behind on payments** ask your mortgage, loan, or credit card company what their policy is on deferred payments. Most financial institutions allow a deferred payment once or twice a year—allowing you to skip a monthly payment without damaging your credit standing. This just may serve as the break you need to get you through a tight financial spot without having to experience negative consequences. Understand that interest will continue to accrue however, if you are permitted to skip a payment. A payment deferral may help free up money to pay for something else that can't be put on hold. Re-amortizing your mortgage or auto loan to lower payments is also an option.

**Review insurance coverage** you may have on your credit products (mortgage, auto loan, other loans, lines of credit, and credit cards). You may have income replacement insurance that you weren't aware of. Some companies "sell" you this without you being truly aware of it. If available, apply immediately.

**If a credit card payment is late** or your card is over the limit, extra fees will be added. In some cases the additional fees and insurances can add up to more than your minimum payment. This can mean that you make the requested payment but the balance goes up instead of down!

**Set priorities** if you don't have sufficient income to meet all your financial obligations. Mortgage or rent, utilities, food, and necessary transportation must come first if you don't have enough money to meet all of your living expenses. Allowing home or auto insurance to lapse can result in having to pay higher premiums and being required to pay a large amount up front.

**Talk to a Credit Counsellor** about your individual situation. Your Credit Counsellor can help you assess and understand all of your options. There may be options available to you that can reduce monthly payments and interest. Your Credit Counsellor can also explain what you should expect from creditors if you can't maintain payments and what collection agencies can and can't do.

**Consumer Credit Ratings differ according to the terms of sale.**



- O - Open account (30 days or 90 days)
- R - Revolving or option (open end account)
- I - Installment (fixed number of payments)

Usual Manner of Payment	Credit Rating		
	O	R	I
Too new to rate: approved but not used	0	0	0
Pays within 30 days of billing: pays accounts as agreed	1	1	1
Pays in more than 30 days but not more than 60 days or not more than one payment past due	2	2	2
Pays in more than 60 days but not more than 90 days or two payments past due	3	3	3
Pays in more than 90 days but not more than 120 days or three payments past due	4	4	4
Account is at least 120 days overdue but is not yet rated as a 9	5	5	5
Making regular payments under a consolidation order or similar arrangement	7	7	7
Repossession or Voluntary Return	8	8	8
Bad Debt: placed for collection: skip	9	9	9

For information about your credit rating call the Credit Bureau. Credit Counselling has the forms you need to fill out and send into the Credit Bureau to get your credit rating.

<b>Equifax</b>	1-800-465-7166	www.equifax.ca
<b>TransUnion</b>	1-800-663-9980	www.tuc.ca

## BUDGETING ONE STEP AT A TIME

**When we talk to clients about budgeting** we usually start by reviewing all expenses. We often discover hidden or elusive expenses— those which have not been included in a client's budget. Periodic expenses such as auto repairs, gifts, clothing, and holidays can wreak havoc on what seems to be a reasonable budget at first glance. Vehicle maintenance is one of the most common of these—even a new car requires oil changes and winterizing. It can be difficult to think about holiday gifts, furnace maintenance, and winter clothing when they are not a current issue but none-the-less these expenses will occur at some point—they are a fact of life!

**When you build a budget** that includes all of your expenses, it serves as an accurate reflection of your true financial situation. When you follow an accurate budget, you will be prepared when money needs to be paid towards expenses and the credit card you have for "emergencies only" will not have to be used. Resolve Credit Counselling can help you build a budget that accurately reflects all of your weekly, monthly, and annual expenses.







## 5 STEPS OF BUDGETING

### **Step 1: Spending Habits**

For two weeks, record what you spend your money on. This will help give you a clear view of your spending habits.

### **Step 2: Get Your Money's Worth**

Review expenses like bank fees, mobile phone, and cable. Ask yourself questions like “is there a less expensive way to travel such as public transit, car pool, or walking? Where do you grocery shop? Can you plan your meals around store specials and promotions?”

### **Step 3: Prioritize Your Expenses**

Start by prioritizing your essential expenses like rent/mortgage, groceries, and establishing an emergency fund. Cut back where you can on extra, non-essential expenses.

### **Step 4: The Envelope System**

Try putting grocery, gas, or entertainment money for the week into envelopes. This will help you from overspending in these areas!

### **Step 5: Saving for Periodic Expenses**

You already know that your car gets serviced every 3 months and insurance is due every three months so put aside an amount monthly to cover these types of expenses when they come due.

### **Retirement Planning**

Contributing to an RRSP is important and the younger you start the more prosperous your retirement years may become. Maxing out your contribution limit however, is not necessarily the best route if you are not leaving yourself with accessible savings to help with periodic or unexpected expenses. Cashing in RRSPs can have major tax implications as withdrawals will be added to your yearly income and will increase the amount of income tax you are required to pay. The best way to plan for the future is to think about today. Go ahead and contribute to your RRSPs but don't forget to set some money aside for a rainy day!



# / Budget



An Accredited Agency

MONTHLY EXPENSE			MONTHLY EXPENSE		
HOUSING	Initial	Revised	OTHER EXPENSES	Initial	Revised
1st Mortgage			Tobacco		
2nd Mortgage			Alcohol/Beverage		
Property Taxes			Internet		
House Insurance			Cell Phone		
Condo Fees			Hair/Toiletries		
Rent			Entertainment		
Phone/Long Distance			Meals Outside		
Hydro/PUC			Babysitter		
Water/Sewer/Softener			Reading/Music		
Heat			Memberships		
Cable/Satellite			Pet Expenses		
Rent-to-Own			Church/Charity		
			Kid's Allowance		
<b>WORK</b>			School Expenses		
Lunch/Brks (Client# 1)			Education		
Lunch/Brks (Client# 2)			<b>SUB-TOTAL 2</b>		
Day Care			<b>ANNUAL PERIODIC EXPENSES</b>		
<b>CAR / TRANSIT</b>			Repair/License	Clothing	
Gas (Client# 1)			Gifts	Vacation/Travel	
Gas (Client# 2)			Emerg./Savings	Hobbies/Sports	
Insurance			<b>SUB TOTAL 3</b>	÷ 12 =	
Vehicle Payment			<b>TOTAL EXPENSES</b>		
Parking/Bus			<b>SUMMARY OF AVAILABLE FUNDS</b>		
<b>LIVING</b>			Net Income		
Food/Supplies			Less Expenses		
Bank Fees			<b>AVAILABLE FUNDS</b>		
Support Payment			+ GST cheque		
Laundry/Dry Cleaning			<b>NOTES</b>		
Life Insurance					
Medical/Dental					
Prescriptions					
<b>SUB-TOTAL 1</b>					



## MONEY MATTERS FOR CHILDREN

Managing money is a learned behaviour. If parents are good money managers chances are their children will be good money managers too!

### What is your attitude towards money, spending, and credit?

#### Do you:

- See money as a means to an end?
- Plan ahead for major purchases, periodic expenses, or unexpected events?
- Believe that savings are possible even with a limited income?
- Purchase on credit even when you know you can't afford it?
- Buy "stuff" to make yourself feel better?
- Justify your purchases by thinking "I deserve it?"

**Having an understanding** of your beliefs and values around money can influence behaviours that your children observe.

**What do your actions teach** your kids about the value of money and the importance of effective money management?

**When it comes to children**, two elements are of the utmost importance: honesty and consistency!

- Set rules and stick to them. "No" is not necessarily a bad word.
- Explain what a treat is. A child receiving a treat every time (s)he goes to the store loses its value and it becomes an expectation.
- Be honest with your children about your financial situation.
- Share with you children how much things cost in relation to your income.
- As your children grow older, share the family budget with them!

**Keep your system simple** and understandable. Talk with your children and discuss their needs. Explain to them the reason for the amount of allowance they receive.

For example, five-year-olds do not need to spend money but are old enough to understand the concept of money. Talk to your children about what their allowances are based upon and how their allowances differ from the purpose of other spending money that they may be provided with.



**CHILDREN  
CAN BUDGET  
TOO!**

**Money can be given to a child** in the form of an allowance or spending money:

**ALLOWANCE**

- Same amount every week
- Given same day every week
- Same responsibilities
- Opportunities may exist to earn more

**SPENDING MONEY**

- Amount fluctuates
- Provided to child as needed
- No responsibilities
- Money on demand

**Teach your children about the importance of good money management from an early age. Try working with them on developing their own personal allowance budget:**

**Sample Budget for Children and Their Allowances**



**MY PERSONAL ALLOWANCE BUDGET**

ALLOWANCE MONEY:	NAME:
<b>SPENDING</b>	<b>BUDGET</b>
Hobbies	\$
Fun Activities	\$
Shopping	\$
<b>SAVINGS</b>	<b>BUDGET</b>
Gifts for Others	\$
A Big Purchase	\$
Savings for Things I Want to Buy in the Future	\$
<b>CHARITY</b>	<b>BUDGET</b>
School Fundraisers	\$
Charity of My Choice	\$



## DEBT REPAYMENT

**With advancing technology**, it has become exceedingly easier to locate companies offering to help "solve" your debt problems. It is important to know however, that there is a huge difference between working with a not-for-profit organization versus a for-profit debt repayment or debt settlement company.

**Your creditors will only formally agree** to work with an accredited not-for-profit organization. This means, as long as you maintain your side of the agreement in a Debt Management Program (DMP), collection activity will cease. In addition, any applicable fees that are imposed will be proportionately low and in line with the organization's not-for-profit status.

**For-profit companies offering debt settlement plans** will claim that they can settle with your creditors for far less than you owe them. Often, however, this approach is unsuccessful since no payments are made on the debt for a period of time while the company holds your payments in order to build a lump sum of money to offer your creditors. During this time period your creditors do NOT receive any payment on your behalf so collection activity will continue and your creditors may seek a court-ordered judgement against you. This is all happening despite the fact that you have paid regular and ongoing fees to the debt settlement company—fees that you will not be able to recover.

**For-profit companies may also ask for large setup and monthly fees.** In accordance with Consumer Protection Ontario, you cannot be charged fees until you start making payments to your creditors; with the exception of a \$50 setup fee. Again, your creditors will not agree to work with these companies.

**The most important thing to realize is** that there is no "quick and easy fix" to solving debt problems but accredited not-for-profit organizations will support you through the entire process of repaying your debt to rebuilding your credit. For more information on accredited, not-for-profit credit counselling agencies, please refer to the Canadian Association of Credit Counselling Services (CACCS) website at [www.cacca.ca](http://www.cacca.ca)



## GAMBLING & SELF-EXCLUSION



**Self-Exclusion is a voluntary program** offered by OLG that supports people who want to take a break from gambling.

**You may choose** a Self-Exclusion term of six months, twelve months or indefinite. You may also choose the type of Self-Exclusion that is right for you:

- **Gaming Self-Exclusion:** Applies to all slots and casinos in Ontario and OLG's internet gaming website, PlayOLG.ca
- **Charitable Bingo and Gaming Self-Exclusion:** Applies to all Charitable Bingo and Gaming Centres (that offer electronic bingo) in Ontario
- **PlayOLG Self-Exclusion:** Applies only to OLG's internet gaming website, **PlayOLG.ca**

**You can register** for Gaming and Charitable Bingo and Gaming Self-Exclusion at an Off-Site location. Resolve Credit & Financial Counselling Services provides Off-Site Self-Exclusion registration at their Kingston, Belleville, and Brockville locations.

**When registering** for Charitable Gaming or Gaming Self-Exclusion, participants are required to provide identification and sign a registration form with a staff member. PlayOLG Self-Exclusion can be completed online. All individuals will be provided with information about community resources for additional support.

**The choice to self-exclude is serious.** Should you breach your commitment and be detected you will be assisted off-site, time may be added to your term, and you may be charged with trespassing. You are also not permitted to win prizes while self-excluded; any winnings are withheld and invested into Ontario's public services.

**Speak to a counsellor today** to discuss if Self-Exclusion is right for you.

If you require more information about Self-Exclusion or support services, please call OLG at 1-800-387-0098 or Resolve Credit Counselling at 1-800-379-5556. Do not enter any Charitable Gaming Centre or Gaming site for information once you have self-excluded.



## STUDENT LOANS

**A student loan may be** one of your largest long-term debts. It is important to manage this debt properly in order to protect your credit rating and credit score. Having good credit will position you well for future borrowing needs such as a car loan or mortgage.

**Consider the following** recommendations for managing student loans:

- Read and keep all loan-related documents you receive—understand the terms and conditions of the money you are borrowing. Be aware of updates and changes that may affect your loan—for example, as government can change so can loan policies.
- Make sure you always notify your lenders if your address changes. Claiming to have not received your statement in the mail is not justification for defaulting on the repayment plan as agreed.
- Know when your payments are due to start and what your options are if you are unable to start repaying as scheduled. Generally speaking, the first payment begins six months after completing school.

**The Student Loan Repayment Assistance Program** has very favourable options available to you if you are unable to start making your full payment as scheduled. The program is designed to work with you **BEFORE** you miss a payment; so it is critical to contact them prior to falling behind. If you need assistance, contact the National Student Loan Service Centre at 1-888-815-4514 or access their website at [www.canada.ca](http://www.canada.ca) and search for **Student Loan Assistance Program**

**If you default on your student loan**, your account may be sent to collections which could result in tax refunds being withheld, seized bank accounts, and legal action that may lead to your wages being garnished.

**If you are in arrears** on your loan, contact Resolve Credit Counselling at **1-800-379-5556**.



## CREDIT REPORT

**Your credit report is** a record of inquiries, outstanding credit, payment history, and public records that are reported to Credit Bureaus (Equifax and TransUnion).

It's becoming increasingly important to (i) ensure that your credit history is the best that it can be and (ii) to do periodic Credit Bureau checks of your own.

Credit Bureaus are not only accessed when you apply to borrow money. It isn't at all uncommon for prospective landlords or employers to review your credit report to assist them in making a decision—a poor credit history can result in being declined for a new apartment, job, or even a student loan.

You are entitled to request a copy of your credit report. You may obtain it via internet for a fee or by mail at no cost.

## CREDIT SCORE

A credit score is a number assigned to an individual that evaluates their potential risk to a credit grantor. The score is calculated by allocating a point value to a predetermined set of criteria. The score may take into account information like how recently you made a late payment, the total amount of credit you have available, and the number of inquiries made on your Credit Bureau.

Credit scores generally range between 300 and 900 (higher being better) and correspond to the statistical likelihood that you will default on payments. For example, a score of 500-549 statistically indicates that people who fall in this range have a 60% chance of failing to maintain their payment obligations.

Depending on your credit score, you might be automatically approved or declined for credit. A credit score may be generic, like the Beacon Score provided by TransUnion, or customized to a particular lender or product.

Credit score advantages include: (i) fast turnaround times for approvals, (ii) consistent decision making for all applications, and, (iii) a non-judgemental process.

Credit score disadvantages include: (i) no allowances for "exceptional personal circumstances," (ii) impersonal process, (iii) lack of ownership in decisions rendered, and, (iv) that the process reduces the applicant to a number rather than an individual.





## SMALL CLAIMS COURT PROCESS

**A creditor may sue a client in Small Claims Court** for a debt owing up to \$25,000. The client will be served with court documents either by mail (may be unregistered) or in person (by the creditor or a person hired by the creditor such as a Sheriff, Bailiff, or Process Server). Do not ignore small claims court documents. If you receive court documents, contact Resolve Credit Counselling at 1-800-379-5556. A Credit Counsellor will help you understand the documents you have received and what your options are.

**In the event that you are served** with court documents, it is very important to file a defence (a lawyer is not required). If you are served in person, you have twenty (20) calendar days in which to file a defence; if you are served by mail you have forty (40) calendar days.

**You defence is filed at the Small Claims Court office.** It is important that you file a defence so that judgement is not automatically granted and so that you have an opportunity to state your case. Your defence will be forwarded to the creditor. If the creditor accepts your proposed payment arrangements, the result is a court-ordered payment. If the creditor disputes your defence, a date for a hearing will be set. At the hearing you will be given an opportunity to explain your situation. Attend the hearing prepared with (i) proof of income, (ii) monthly budget, (iii) financial commitment, and, (iv) an explanation.

**If a defence is not filed**, judgement will be issued on either the 20th or 40th day, depending on how the documents were served. A judgement gives the creditor the opportunity to garnishee wages or bank accounts and seize or put liens on property. Once again, do not ignore small claims court documents.

**Forms related to Small Claims Court** can be obtained at the local courthouse or online at [www.ontariocourtforms.on.ca](http://www.ontariocourtforms.on.ca)

**For more detailed information** on Small Claims Court and other topics like Child Support, Legal Aid, and Family Justice, please visit

[www.attorneygeneral.jus.gov.on.ca](http://www.attorneygeneral.jus.gov.on.ca)

**IT'S  
GONE TO  
COLLECTION!**

**A creditor may forward your delinquent account to a collection agency.**

**A collection agency must:**

- Send you written notice including (i) creditor name, (ii) balance owing, and, (iii) name of agency
- Wait six days after mailing written notice before contacting you
- Mail a second written notice to the address provided by you if you did not receive the first notice
- Give you notice if they intend to recommend that a creditor commence legal action

**A collection agency cannot:**

- Contact you on Sunday or a holiday before 1:00 p.m. or after 5:00 p.m.
- Contact you more than 3 times per day over a 7 day period without your consent once they have actually spoken to you
- Use threatening, profane, intimidating or coercive language
- Exert undue excessive or unreasonable pressure
- Give false or misleading information to any person
- Continue to contact you if you have told them you are not the person they are looking for unless they take reasonable precautions to ensure that you are
- Contact you if you send a registered letter to the agency saying you dispute the debt and suggest that the matter be taken to court
- Contact you if you or your lawyer have instructed them by registered mail to communicate directly with your lawyer. Written notification must include your lawyer's name, address, and phone number.

If collection agency standards are violated you may:

- Contact the agency and express your concern
- Submit your complaint in writing to the agency. Keep proof of delivery.
- File a formal complaint with Consumer Protection Ontario by visiting [www.ontario.ca/consumers](http://www.ontario.ca/consumers)



# Resolve

We're here.  
Let's talk.

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Let's talk about money • Parlons argent

## Appointments available in:

Belleville • Brockville • Cornwall • Gananoque  
Kingston • Napanee • Ottawa • Smiths Falls • Whitby



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1.800.379.5556



[resolvecounselling.org](http://resolvecounselling.org)



United Way  
Kingston, Frontenac,  
Lennox and Addington



United Way  
Hastings &  
Prince Edward



