



Jane/Finch
Community and Family
Centre

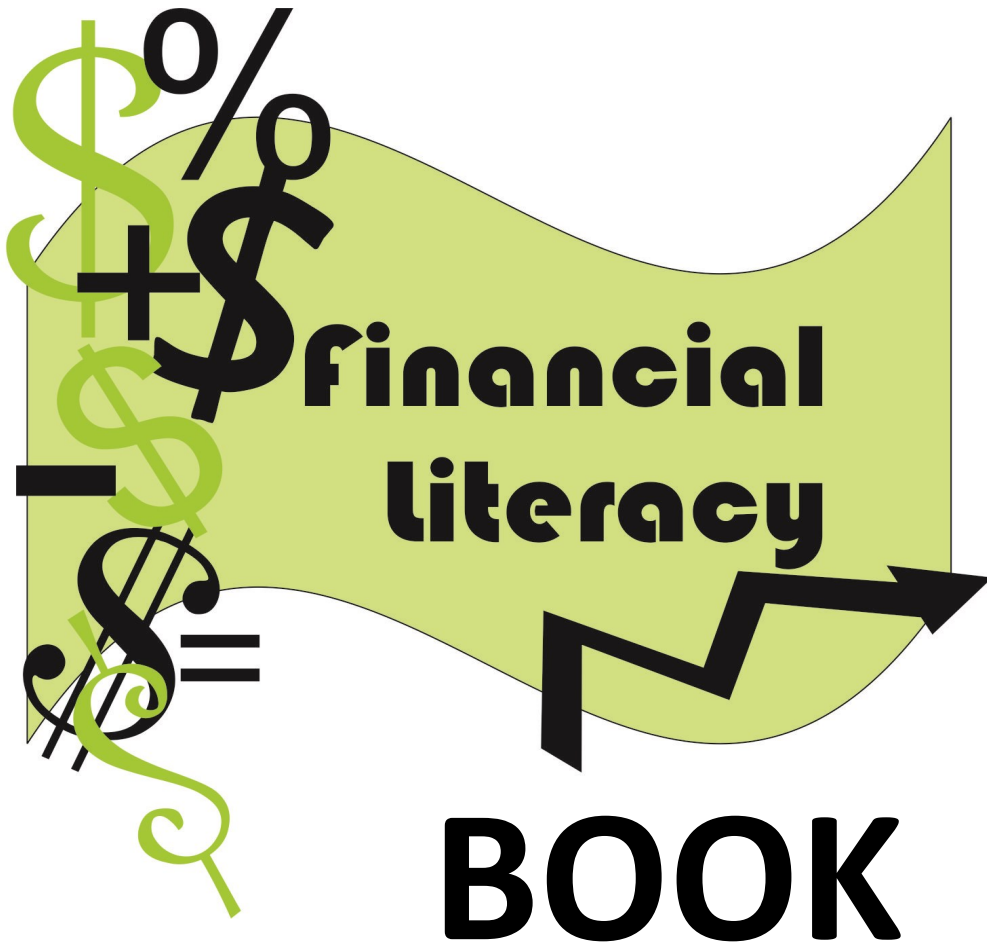


Table of Contents

Payday loans	
Criteria	3
Cost of payday loan	3
Conditions	4
How to make a complaint	5
Money for School	
RESP	6
Student Loans and Grants	6
Eligibility	7
Private student loans	8
Bursaries/Scholarships/Contests	9
Managing Student Loan	10
Couples and money	
Let's talk about money BABY!	11
Do's and don'ts about money	12
Money management and budgeting	
Understanding your Paycheque	13
Four steps to creating a Budget	14
Choosing the right card	15
Additional costs	16
Cell phone plans	17
Contract length	18
Setting financial goals	
Setting Financial goals	19
Short and Intermediate goal	20
Long term goal	21
Managing your debt	
Warning signs of Financial difficulty	22
Two popular methods for paying back debt	22
Managing the debt	23
What is a credit report	24
What is a credit score	24
Money saving list	25
Car	
Deciding from New and Used	27
Deciding from buying or leasing	29
Questions to ask before you buy	32
Auto Insurance It's the Law	33
Ten things to know about car insurance	33
Insurance fraud	35
Taxes	
Income Tax Self assessment	36
Personal Income Tax	36
Do you have to file taxes	37
Filing a tax return	38
Refund	38
Arrears	38
Bibliography	39

PAYDAY LOAN

A payday loan is a short-term loan for a small amount of money. The average payday loan in Canada is about \$300 for a term of two weeks.

Ontario consumers can get payday loans at a storefront and by internet and telephone.

In order to qualify for a payday loan one must be employed and will be required to provide proof of income.

The borrower typically writes a post-dated personal cheque in the amount they want to borrow plus a fee in exchange for the cash advance. The payday loan company holds onto the cheque and cashes it on the agreed date, usually the borrower's next payday.

Most loans are for 30 days or less and can be extended for additional finance charges. Loan amounts are usually from \$100 to \$1,500.



Payday lenders may ask you to take your loan in the form of a prepaid card. This can make the loan even more expensive because you may be charged additional fees to activate and use the card.

Criteria For Pay day Loan

18 years of Age

Resident Of Ontario

Two government issued Valid ID's one photo identification and another one with a signature

Steady Income

How much do payday loans cost compared to other forms of credit?

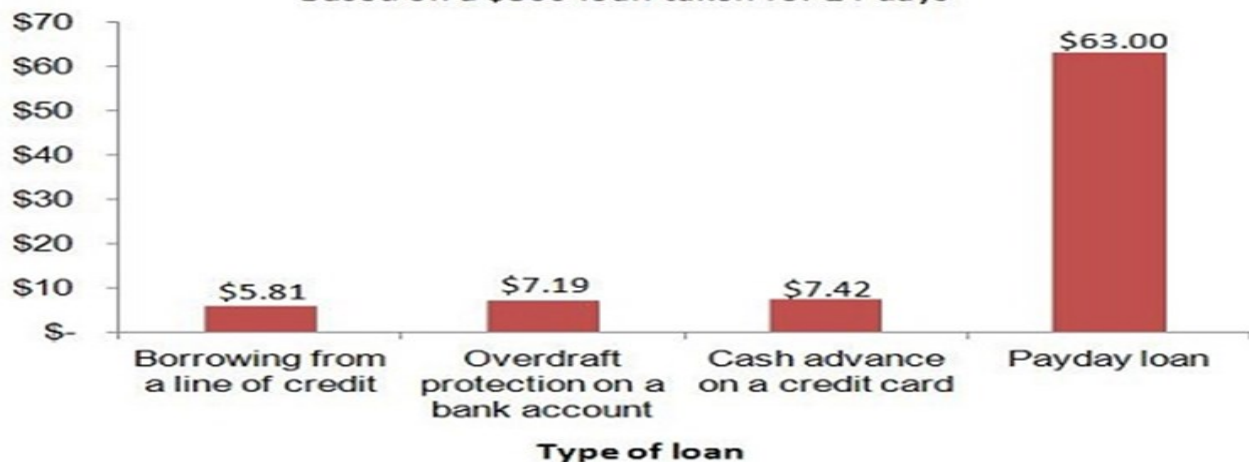
Payday loans are much more expensive than other forms of credit.

For example, borrowing \$100 for two weeks can cost anywhere from \$17 (in Manitoba) to \$25 (in Nova Scotia) as of January 2012. A \$17 fee on a two-week, \$100 loan is equivalent to paying 442% annually, and a \$25 fee is equivalent to paying 650% annually. In provinces and territories that don't regulate how much payday lenders can charge, the cost can be even higher.

Payday lenders may ask you to take your loan in the form of a prepaid card. This can make the loan even more expensive as you may be charged additional fees to activate and use the card.

Payday Loan Cost vs. Other Ways of Borrowing

Based on a \$300 loan taken for 14 days



The costs shown in this example are for illustration purposes only. Calculations of costs are based on the following assumptions:

- *a payday loan costs \$21 per \$100*
- *a line of credit includes a \$5 administration fee plus 7% annual interest on the borrowed amount*
- *overdraft protection includes a \$5 fee plus 19% annual interest on the borrowed amount, a cash advance on a credit card includes a \$5 fee plus 21% annual interest on the borrowed amount.* (<http://www.fcac-acfc.gc.ca/Eng/resources/publications/creditLoans/Pages/PaydayLo-Precirc-2.aspx>, 2014)

Here are some YOUTUBE links to help you understand how the payday loan company calculate the interest: <http://www.youtube.com/watch?v=BHTMuHvmarU> or <http://www.youtube.com/watch?v=3rOVmUnUM7A>

If you want to figure how much the payday loan will cost you, use these calculators: <http://www.servicealberta.gov.ab.ca/1608.cfm> or <http://www.canpayday.ca/payday-loan-calculator.aspx>

CONDITIONS:

“Rollover” loans are when you have one payday loan, and before that loan is paid off in full, you receive another payday loan from the same lender. These loans are prohibited in Ontario.

No payday lender can ask for or accept from a consumer an assignment of the consumer's wages (these are contract requirements that allow the creditor to garnishee from your pay-cheque, without first suing you and getting a court judgment).

A two-day “cooling off” period You have two business days to cancel your payday loan agreement without penalty. You do not need to give a reason for cancelling. With the understanding that all funds received must be returned, other wise the loan contract remains in place.

Collection practices No payday lender or loan broker may communicate with a consumer in a manner that constitutes harassment.

For example, the payday lender or loan broker:

- Can try to contact you a maximum of three times a week only (not counting regular mail)
- Cannot use threatening or intimidating language
- Cannot use excessive or unreasonable pressure.

COMPLAINT

HOW TO MAKE A COMPLAINT AGAINST A PAYDAY LOAN STORE

THREE STEPS TO FOLLOW:

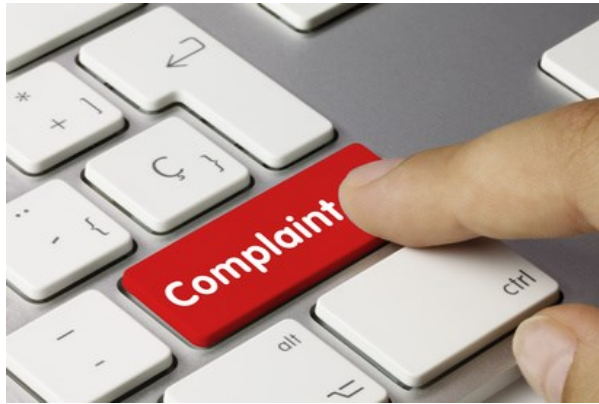
Review your rights

If you have questions about your rights, call: 1-800-889-9768 or 416-326-8800

1- Write a complaint letter to the business

You should write a complaint letter to the business before the ministry can get involved. Send your letter by email or by registered mail so you have a record of when you sent it. [Click to view sample letter you can use as your template](#) (PDF)

You can also include [a notification of consumer complaint](#) (PDF) with your complaint letter. This notification tells the business that you have started the complaint process and explains the consequences of ignoring a complaint that may fall under the CPA.



COMPLAINT

HOW TO MAKE A COMPLAINT AGAINST A PAYDAY LOAN STORE

2- *When you write your complaint letter:*

- Type it or make sure your handwriting is neat and easy to read
- Explain what happened (try to explain in a detail manner without using blame)– be specific about your request and how you expect the problem to be resolved. For example, request for a refund, return, etc.
- Specify the date by which you want a response (3 weeks is reasonable)
- Keep it short and to the point

- Be firm but polite
- Include copies (not originals) of receipts, invoices, contracts, or other relevant documents
- Include your signature and date
- Keep a copy of the letter
- Keep a record of its delivery. For example, send it by registered mail, fax or email

3- **Submit your complaint to the ministry**

If a letter to the business doesn't resolve your issue, you can file a complaint with the ministry by choosing one of the following:
[submit an online complaint](https://www.consumerbeware.mgs.gov.on.ca/eseach/compform/english/complaint.jsp): <https://www.consumerbeware.mgs.gov.on.ca/eseach/compform/english/complaint.jsp>

[print and complete the complaint form](#) (PDF)

From: <http://www.ontario.ca/consumers/filing-consumer-complaint>

and send it by mail, email or fax to:

Ministry of Consumer Services - Consumer Protection Branch
Box 450 - 1201 Wilson Ave Building A
North York ON - M3M 1J8
Email: consumer@ontario.ca
Fax: 416-326-8665

After you file a complaint

The Ministry of Consumer Services will monitor all complaints and inquiries to track patterns of misconduct by a business or sector. Once they receive your complaint and all required supporting documents (receipts, invoices, contracts, etc.), they will be able to know how to help you.

Mediation and investigation

the Ministry of consumer Services may mediate or investigate complaints if they see that the business has violated a law that the ministry is responsible for, in addition:

If your complaint involves more than the \$500, including tax

The Ministry will also need to see a pattern of complaints about one business or sector

When mediation takes place, the Ministry contacts the business on your behalf and will try to find a solution for your dispute.

The ministry may begin an investigation if mediation is not successful. In some cases, it can lead to charges against the business.

- A corporation can be fined up to \$250,000
 - A business owner can be sentenced to a term of imprisonment up to 2 years less a day or be fined up to \$50,000, or both.
- If your complaint doesn't meet the criteria for mediation or because of the nature of your complaint, it may be resolved through [the small claims court process](#). Contact the ministry to help you understand your next steps.

If you don't have a lawyer, you may contact one through the [Law Society Referral Service](http://www.ontario.ca/consumers/filing-consumer-complaint) (<http://www.ontario.ca/consumers/filing-consumer-complaint>, 2014)

MONEY FOR SCHOOL

RESP?

It is a Registered Education Savings Plan, better known as an RESP.

An RESP is an education savings account registered with the Government of Canada. It helps you, your family or friends put aside money to help pay for a child's post-secondary education.

In addition to your RESP contributions, you could receive from the government:

Canada Learning Bond; and/or Canada Education Savings Grant



The Canada Learning Bond

The Government of Canada will give **\$500** to those who qualify. This money is to help you start saving now for your child's post secondary education. In addition, your child could receive \$100 every year until he or she turns 15 years old to a maximum of **\$2,000!**

Your child is eligible for the Canada Learning Bond if:

- **He or she was born after December 31, 2003; and**
- **You receive the National Child Benefit Supplement under the Canada Child Tax Benefit (also known as the family allowance).**

Canada Education Savings Grant

Maximum that your child could receive is \$7,200 from the Government of Canada.

The Canada Education Savings Grant is money the government adds to your child's Registered Education Savings Plan (RESP) to help their savings grow. After high school, your child can withdraw the money to help pay for either full-time or part-time studies:

- For an apprenticeship program

* A CEGEP (**CEGEP** is an acronym for *Collège d'enseignement général et professionnel*, which means "College of general and vocational education". It is the name for public colleges in Quebec, Canada.)

- * A trade school
- * A college or
- * A university

How the Canada Education Savings Grant works

To receive the Canada Education Savings Grant (CESG), a [Registered Education Savings Plan](#) (RESP) must have been opened for your son or daughter. (Anyone can put money into an RESP for any child; you do not have to be the child's parent).

The basic CESG provides 20 cents on every dollar you deposit, up to a maximum of \$500 on an annual contribution of \$2,500. If you are unable to make a contribution in any given year do not worry, the program provides you with the ability to catch up in the upcoming years. See [Carry Forward Room](#).

This grant is available up until the end of the calendar year in which the child turns 17.

To find out more, visit the [Additional Canada Education Savings Grant](#) page.

For more information or frequently asked questions visit: [Canada Education Savings Grant](#).

ELIGIBILITY

The Canada Education Savings Grant is available until the end of the calendar year in which the child turns 17, as long as:

- The child is a Canadian resident;
- An RESP has been opened in their name; and
- A request is made for the grant.

Note: Children who are 16 or 17 years old may be eligible to receive the Canada Education Savings Grant if at least one of the following conditions are met:

- A minimum of \$2,000 was contributed (and not withdrawn from) to all of the child's RESPs before the end of the calendar year they turned 15 years old; or
- A minimum annual contribution of \$100 was made to (and not withdrawn from) the RESP in at least four of the years before the end of the calendar year the child turned 15 years old.

This means that, to be eligible for the grant, you must start to save for your child's RESP before the end of the calendar year in which they turn 15 years of age.

Apply for the Canada Education Savings Grant

Follow these two easy steps:

Get a [Social Insurance Number](#) (SIN) for yourself and for your son or daughter. There's no fee, but [certain documents](#), such as a [birth certificate](#), are required.

Open an [RESP](#), make a deposit and complete the Canada Education Savings Grant [application form](#). Your RESP provider will then apply for the grant for you.

Once approved, the grant money will be deposited directly into your child's RESP account. (<http://www.canlearn.ca/eng/savings/cesg.shtml>, 2013).

Canada and Ontario Student loans

The **Ontario Student Assistance Program** (OSAP) offers two types of financial assistance:

- Grants: money you don't have to pay back**
- Student Loan: you need to repay**

Both the Ontario government and federal government provide this money.

You can get OSAP to attend a public or private post-secondary school located anywhere in the world, as long as it's approved for OSAP.

WHO CAN QUALIFY?

- Canadian citizens
- Permanent residents of Canada
- Protected person
- *note the student needs to be living in the province from where they are applying for over a year

WHAT YOU NEED TO APPLY

Step 1: know if you plan to study full- or part-time

You need to apply for OSAP as either a full- or part-time student.

Full-time students = taking 60% or more of a full course load.

Part-time students = taking 20-59% of a full course load.

Students with a permanent disability:

- 60%+ of a full course load = full-time student
- 40-59% of a full course load = either full- or part-time student (you choose)
- 20-39% of a full course load = part-time student



Step 2: know the special circumstances that give you access to more aid

You could be eligible for additional money if you are:

- An Aboriginal student
- A student with a permanent disability
- A youth with Crown ward status
- Receiving social assistance
- The first in your family to go to college or university

[OSAP for students in special circumstances](#)



Step 3: decide if you need one or more application(s)

You need to fill out 1 application for each “Study period” and or School program you intend to attend.

Examples:

- 2 or 3 back-to-back terms at same school, same program = 1 application
- 1 term at school, 1 term away from school, then another term back at school = 2 separate applications
- 2 programs at 1 school = 2 separate applications
- 1 program at school A, another at school B = 2 separate applications
- 1 program at school A, the same program at school B = 2 separate applications

Total number of applications allowed: up to 5 per student (per academic year).

Returning students: fill out the shorter, renewal application.

Step 4: talk to your parent(s) and/or spouse – as they may need to provide information

On the application, your parent(s) and/or spouse may need to:

- Provide their personal information (e.g., name, address)
- State their annual income
- Sign a declaration and signature page

Step 5: know the deadlines

The online applications will let you know about all of the OSAP deadlines.

Full-time Application deadline: Submit your OSAP application no later than 60 days before the end of your study period.

Supporting documentation deadline: Your financial aid office must receive your supporting documents (e.g., signature and declaration pages, etc.) no later than 40 days before the end of your study period.

Review deadline: Your financial aid office must receive any review request no later than 40 days before the end of your study period. (<http://www.ontario.ca/education-and-training/how-get-osap>, 2014)

PRIVATE STUDENT LOANS

A student line of credit from your bank may be an alternative if you are unable to qualify for student assistance or can't get enough funding for your studies, for example; if you're in graduate studies or studying abroad. If you don't have a job or a credit history, you may be asked for a co-signer such as: a parent or family member, to co-sign the loan.

Student lines of credit are different from student loans:

If you chose this financial assistance, note you will be required to make monthly interest payments on the student line of credit loan(s) while you're in school.

Interest starts to be added to the loan from the day the money is taken from the line of credit or your account.

SCHOLARSHIPS/BURSARIES



Grants, bursaries and scholarships are available to help you pay for your post-secondary education or personal expenses. It is money that you do not need to be pay back. Bursaries are normally offered through governments, schools and private organizations.

Scholarships are grants that are given based on merit, not need. And they are another great way to pay for schooling.

The following links can help you find financial assistance information about such programs .

- **ScholarshipsCanada.com** is one of Canada's largest and most comprehensive databases for students looking for scholarships, bursaries, grants and student awards.
- **StudentAwards.com** is a free scholarship matching service that provides information about scholarships, bursaries, grants, contest, fellowships and other forms of financial assistance to Canadian students.
- **Canada Graduate Scholarship Program – Master's Scholarships** (http://www.servicecanada.gc.ca/eng/goc/cgs_masters.shtml) provide funds for students who are in full-time studies at the master's level in the fields of social sciences and humanities.
- **Government of Canada International Scholarships Program** (<http://www.scholarships-bourses.gc.ca/scholarships-bourses/index.aspx>) offers scholarships that are open to Canadian students who wish to study abroad.
- **DisabilityAwards.ca** (<http://www.disabilityawards.ca/>) is a portal to awards and scholarships for students with disabilities studying at Canada's colleges and universities.
- **100% Tuition Aid for Youth Leaving Care**
- **Ontario First Generation Bursary**
- **Ontario Part-Time Grant**

Contact your school's financial aid office as they may be able to help you find information on other scholarships and bursaries. (<https://osap.gov.on.ca/OSAPPortal/en/Help/Definitions/PRDR007783.html>, 2013)

IT IS IMPORTANT TO MANAGE YOUR STUDENT LOAN DEBT

Did you know that when you manage your student loans you are building a good credit rating! Whenever you have a little bit of extra money try to put it towards your student loans, as this will help you pay off the principle amount of your loan.



Student loan calculator

Use this tool to determine how quickly you can pay off your student loans. By making a higher monthly payment, you can shorten the length of your loan and at the same time dramatically reduce the interest your loan is being charged. :<http://cgi.money.cnn.com/tools/studentloan/studentloan.html>

Once you leave school you may be faced with having to manage many other financial responsibilities such as rent, insurance and other expenses, which can certainly feel financially overwhelming. If you find it difficult to manage your student loan payments, contact OSAP to

[revise the terms of your loan](#) to lower the monthly-required payment. Did you know that there is also help available in the type of [repayment assistance](#). Don't let fear of getting help ruin the credit rating you have managed to maintain while attending a post secondary institution. (http://www.canlearn.ca/eng/loans_grants/repayment/manage.shtml, 2013)

HOW TO BRING YOUR CANADA STUDENT LOAN OUT OF COLLECTION

If you stop making your student loan payments for 270 days or more this equals about 9 months, your loan is considered to be in **DEFAULT** and is sent to collections and it is also reported to the Canada Revenue Agency (CRA) for collection. **Canada Student Loan Rehabilitation** is an opportunity to have your loan returned to the National Student Loans Service Centre (NSLSC), which may give you access to financial assistance. Your Canada Student Loan can be transferred back to the student loan centre once you have contacted them and worked out a new repayment schedule. It is very important that you [contact the NSLSC](#) so that your loan payments are back on track and to keep your credit rating in good standing.

NOTE: *If your account is currently in collections, you will not be eligible to receive additional student financial assistance. In order to qualify for more loans, grants or repayment assistance from the Government of Canada, you will need to take steps to have the restriction removed. Contact the NSLSC and ask to speak with a Canada Student Loans Program (CSLP) client relation officer to discuss your situation as soon as possible.*

Not paying your student loan will affect your credit rating which in turn could affect your possibility of attaining employment and or a place to rent.

How to rehabilitate your Canada Student Loan

To find out if you are eligible for the Canada Student Loan rehabilitation program, contact the NSLSC to:

- 1- Arrange a repayment schedule with the assigned collection agency or CRA;
- 2- Repay all interest owed on your Canada Student Loan;
- 3- Make the equivalent of two monthly payments on the loan
- 4- Get written confirmations from the collection agency confirming payment(s)
- 5- Forward the letter to the NSLSC and ask speak with a CSLP client relations officer to inform them that you are now up to date with your payments and would like to rehabilitate your loan.

(http://www.canlearn.ca/eng/loans_grants/repayment/help/rehabilitation.shtml, 2014)

It is understandable to be overwhelmed by your debts, don't despair there is help out there: call your lenders before your account is sent to a collection agency. Your lenders want to hear from you and want to help.

Get credit counselling. *If you are having trouble tackling your debt problems alone, there's often free help available from the non-profit Credit Counseling Agencies.*

COUPLES AND MONEY



Let's talk about money BABY!

Money is one of the toughest subjects to talk about. In a relationship, people are unwilling to talk about money because it's tied to emotions, power and senses of control, it just uncomfortable!

Talking about money is important because if you are not on the same page financially from the beginning, chances are the issue will cause a lot of friction later. Some couples ignore the money talk in order to avoid fights.

Know your finances

Before talking to your partner about finances, you need to know where you stand on the issue. This means knowing what you're spending your money on, how much you have saved,

and getting a clear idea of what financial goals you have. Once you discover your financial strengths and weakness, then you will be in a better position to talk about finances with your partner.

Find a Neutral Time that works for both of you

Don't wait until your partner has over used the credit card, or another hot financial issue arises to mention the subject. The goal is to have a calm, relaxed discussion when there is no particular money issue at hand.

Give a Little to Get a Little

Volunteer your own feelings about a financial issue and it may encourage your partner to do the same. If your relationship is the first priority, you'll both have to be willing to negotiate. Share your feelings, experiences, and hopes about money. Discuss how your parents dealt with money, what it meant to you when you were growing up, and how you dealt with it in past relationships.

Know Where You Stand

Be honest with yourself about how you feel. If you've always been independent, for example, it may be hard for you to be "taken care of" financially. If you have more assets than your partner, you may feel fear about risking your hard-earned money, or resentment if his or her spending habits are not good. You have to be honest with yourself about these feelings in order to be honest with your partner. He or she needs to understand how you are feeling so that the problem at hand can be solved. Remember your partner can not read your mind.

Celebrate good times

Celebrate when you meet financial goals, no matter how big or small they are.

An affair to remember

Schedule a lunch date with your partner once a month to talk about money. Make it more pleasurable by preparing a delicious lunch you can enjoy together while reviewing bank statements and setting financial goals. Settling on a monthly date to talk about money gives you and your partner enough space to talk about and do more interesting and fulfilling things for your relationship. If you absolutely need to discuss a financial issue and it can't wait for your monthly money date, then do so, otherwise wait, and save the money talk for your monthly money date. And whatever you do, don't talk about money in the bedroom. The bedroom is for pillow talk, not money talk.

Back to school

Think about taking a course or seminar on money management together. Doing so will help you both get on the same page and motivate one another. (www.creditcanada.com/couplesandmoney)

Bring in a Third Party

If you are unable to talk about finances together, seek out a counsellor to help you sort through your financial issues. This could be a financial counsellor or a therapist or marriage counsellor.

DO'S AND DON'TS FOR COUPLES

Track Your Spending

Knowing where your money is going is the first key to financial security, and keeping a budget, which includes tracking your spending, is the only way to really know where your money is going. For more information on monthly budget trackers visit: www.fcac.ca or your financial institutions for more advice or electronic financial tools.

A family affair



Involve your children in your family financial discussions and decisions as much as possible. Children usually want to be involved in family financial decisions that involve them, such as plans for a vacation, or whether to buy a new flat screen television or a DVD player.

Agree to Disagree

Come up with spending and savings goals and guidelines, and then let your partner manage his or her own spending money. For more information on setting spending and savings goals you may want to check out some websites such www.mint.com, www.fcac-acfc.gc.ca or your own financial institution's website.

Designate a Bill Payer

One of you is likely to be better at day-to-day management of the household expenses. It's okay to designate this person as the bill payer, but the other person should be involved and should know what needs to be done and how to do it.

Keep Separate Credit Cards

Each of you should have at least one credit card in your own name in order to maintain a separate credit history. If you divorce or your spouse dies, it will allow you to get a mortgage, loan, or credit card without the need of a co-signer or collateral.

Planning for the future

Develop some short and long range financial goals together, and check your progress toward such goals through the use of a net worth statement or a progress report. See page 19 for more information on setting financial goals.

MONEY MANAGEMENT AND BUDGETING

1 ABC corporation 123 Street Ville Toronto, Ontario M1M 1M1		Pay Begin period: April 16, 2013																
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UNDERSTANDING YOUR PAY CHEQUE

General information – Your name, address and pay period

Rate of pay based on your agreed contract

Taxes – CIT (Canada Income Tax), CPP (Canada Pension Plan), EI (Employment Insurance)

Paycheque summary – Details your current and YTD (Year to Date) gross earnings, taxable gross amount, taxes deducted, total other deductions and your net pay

Net pay Distribution – Direct deposit account type, account number and deposit amount

*Note: if you see any errors in your pay cheque or deduction information contact your employer/human resources/payroll contact in your department.

Pay Rate: This is the amount you are paid per hour. Some earn a salary. On the pay stub, one will only see the amount of pay in the pay period, but not an hourly rate of pay.

of Hours: This is the number of hours in this pay period.

Gross Pay: This is the amount you have earned before any deductions.

Year to Date: Many pay stubs will keep a running total of your earnings and deductions for the year.

Deductions: Federal Income Tax: Your employer will calculate the amount of federal income tax to deduct from your earnings.

To calculate your tax deductions visit: <http://simpletax.ca/calculator>

Provincial Income Tax: Your employer will also calculate the amount of provincial income tax to deduct from your earnings. This amount will be lower than the federal tax and is different in each province. Provincial tax deduction calculator visit: <http://www.cra-arc.gc.ca/esrvc-srvce/tx/bsnss/pdoc-eng.html>

Canada Pension Plan (CPP): For those 18 years old and over. To calculate your Canada Pension Plan deductions visit: <http://www.cra-arc.gc.ca/esrvc-srvce/tx/bsnss/pdoc-eng.html>

Employment Insurance (EI): EI deductions calculator visit: <http://www.cra-arc.gc.ca/esrvc-srvce/tx/bsnss/pdoc-eng.html>

BUDGETING

Having control over your money is important, both for your financial well being and for your peace of mind. Creating a budget can help you feel more in control of your finances and allow you to save more money for your short or long-term goals.

Charles Dickens said: "Annual income twenty pounds, annual expenditure nineteen—result happiness. Annual income twenty pounds, annual expenditure twenty-one pounds—result misery."

WHAT IS A SPENDING PLAN A.K.A. BUDGET

Budgeting is the method of creating a plan to spend your money.

Why do you need a spending plan?

Creating a spending plan allows you to decide ahead of time when, where and how you will spend your money, so that you are able to do the things you need to do or would like to do.

FOUR STEPS TO CREATE A SPENDING PLAN

STEP 1: TOTAL INCOME

INCOME	AMOUNT
FULL TIME JOB	
PART-TIME JOB	
CHILD TAX CREDIT	
OTHER INCOME	
TOTAL	

Add up how much money you earn in a month after taxes.

For this budget plan, use your net pay or take home pay.

Include tips, extra income, side-jobs, investments etc. All this is your income

STEP 2: TOTAL FIXED & VARIABLE EXPENSES

FIXED EXPENSES	AMOUNT	VARIABLE EXPENSES	AMOUNT
RENT		1. GROCERIES	
HYDRO		2. LAND LINE/CELL PHONE	
GAS		3. LAUNDRY	
TRANSPORTATION		4. PERSONAL GROOMING	
1. TTC PASS		5. BABY SITTER	
2. CAR PAYMENTS & CAR INSURANCE		6. ENTERTAINMENT	
		7. CLOTHING	
INTERNET		8. FUN MONEY	
		9.	
		10.	
		11.	
		12.	
TOTAL		TOTAL	

Save receipts for a couple of weeks or a month. Knowing how much you spend on groceries or gas (for example) makes the next step much easier.

*Always make sure to include some fun money into your spending plan, this will ensure that you remain happy and optimistic with your new life style choice.

STEP 3: TOTAL IT UP

Total it up	
	AMOUNT
Income	\$
Less Fixed Expenses	-\$
Less Variable Expenses	-\$
IN THE RED/ OR EXTRA MONEY	=



STEP 4: RECORD, REDUCE, and AIM

As time goes by, you will find that your original budget may needs some small or large changes. Some areas you underestimated, some areas you overestimated. Some things come up that you didn't account for at all. That's OK! Just make changes as you get a clearer picture of your spending. **RE-MEMBER** to keep your total spending less than you're earning so you can meet your goal. (www.creditcanada.com)

EXAMPLE 1

Joan, 24, is a single mom and office worker. She manages well on a low income but is concerned about how she will cope if an emergency or unexpected bill comes up. By drawing up a budget, Joan could see where she was overspending.

"I was amazed at how much we were spending on small, needless items that quickly added up. By controlling my budget and cutting back on things like takeout and impulse shopping, I managed to build some savings. It was hard, but it's a relief to know I can manage if my car needs repairs or if one of my kids needs prescription medicine.

So how did Joan, manage to save some money for unexpected/expected expenses?

She created a realistic budget; she also used all different kinds of tools and phone apps to help her out.

She tried many different tools until she found the one that she was comfortable with and felt that helped her out the most.

Here are some tools that you might like to consider using, let's start with the easy ones:

Get a notebook from the dollar store. Carry it with you and record all your expenses as you are spending.

Excel spread sheet- if you are a savvy computer literate person, then this program can help you keep track of all your expenses.

*Note: keep all your receipts so that when you get home you record all of your daily expenses

www.mint.com
Get a handle on your finances the free and fast way. Mint does all the work of organizing and categorizing your spending for you.

You love apps – then you may want to try WWW. MINT.COM. Mint is a mobile application that can help you get a handle on your finances, and it is FREE, EASY and a FAST way to manage your money. If these tools and advice has not helped, don't worry as here is help out there for you. Contact: a Bank rep, financial advisor or a not-for-profit credit counselling agency nearest you.

CREDIT CARDS



A Credit card is a thin plastic card that contains identification information such as a signature or picture, and authorizes the person named on it to charge purchases or services to his account -- charges for which he will be billed periodically. (www.Howstuffworks.com)

Choosing the right credit card for you can be a challenge. There are hundreds of different credit cards to choose from, each offering a different combination of interest rates, fees, benefits and rewards. Taking some time to shop around and weighing your options carefully can help you find a credit card that suits your lifestyle and budget. (www.fcac-acfc.gc.ca/creditcards)

Before you consider getting a credit card, think about - why you want it and how you will use it and set some guidelines for yourself.

Key points to remember:

- It is sometimes easy to forget that you have to pay for what you buy. But, as long as you use your credit wisely, you'll benefit from the convenience that credit can provide. Using credit responsibly is not always easy.
- A credit card doesn't increase the money you have available, so all of your credit card spending should fit within your regular household budget.
- Using a credit card to get cash (called a cash advance) or for other cash-like transactions, such as a wire transfer or money order, is expensive as you are charged fees and interest from the day you withdraw the money.
- If you pay your credit card balance in full every month and you don't use the card for cash advances or cash-like transactions, you will never have to pay interest.
- As long as you make your monthly payments on time all the time, your credit card will help you acquire and keep a good credit rating.
- When you carry credit cards- especially cards with high credit limits you may be tempted to spend more money than you should.
- Today it's hard to imagine getting along without credit cards. They offer a convenient way to pay for and keep track of your purchases.

Most credit cards, whether they are standard, gold or platinum, have the same basic function: they offer a convenient way to pay for goods and services. The main differences are in three areas: interest rates, fees and rewards and benefits. Consider those details carefully to help you find the right credit card for you.

Here are some guidelines for keeping control of your financial affairs and making credit work for you, not against you:

Read the fine print. The credit application is a contract, so read it thoroughly before signing. Watch out for terms such as "introductory rate" and periods that expire.

Beware of strings attached. If it sounds too good to be true, it may be. That rebate card might not be such a good deal when you add in the annual fee and compare interest rates. You need to consider more than frequent flier miles when applying for a credit card.

Consider additional fees and costs

Credit cards may have other fees and policies that can increase your costs. For example, if you miss a payment, some credit card issuers may increase the interest rate that you pay. The amounts of these fees and charges vary from one credit card to another, and you should consider them carefully when choosing a card. By law, all federally regulated financial institutions have to include information about fees and charges in their credit card applications. The information has to be clearly set out in an information box at either the beginning of the application, or a related document that you receive at the same time.

Visit the Financial Consumer Agency of Canada to review their credit card tool selector and credit card calculator.

<http://www.fcac-acfc.gc.ca/Eng/resources/toolsCalculators/Pages/CreditCa-OutilsIn.aspx>

CELL PHONE PLANS & GETTING THE RIGHT DEAL

Choosing the Right Cell Phone Plan

Choosing the right cell phone plan can be confusing. These days, there are so many different options in the areas of pricing, data, talk minutes, text and then on top of all that, you have to decide what cell phone you want to get it in the end.

It's important to address what fundamentals of a phone plan that are important to you and as a result, help you decide which cell phone plan is right for you.

Here is a question you should ask yourself prior to making a cell phone commitment.

Individual or Family Plan?

Decision Time:

Do you require an individual plan, or are you looking to combine a number of phones and lines in a group to minimize costs? If you are, a family plan work best for you.

Check off the category fits your need.

An individual plan offers minutes and data for monthly use by one individual	
A family plan offers a 'bucket' of minutes and data for use between members of a family, with each line added to the bucket costing around \$10 per month.	

SET YOUR PRIORITIES

Are you after a good plan or a hot new phone? More and more people are chasing the phone they want (think iPhone) before they even start looking at carriers and contracts. If you are one such person, make sure whichever carrier you're looking at offers the desired cell phone you're after. The hottest new phones will have an upfront cost on your 2 year contract.

SO, HOW MUCH EMAIL AND WEB SURFING, OR MINUTES AND OR TEXTING ARE YOU THINKING ABOUT FOR YOUR NEW PHONE?

What to know?

- **Monthly Minutes** Remember minutes are calls you make and receive so have a look at a couple of previous bills
- **Data** Both email access, and web surfing (and your use of apps on your phone like Facebook) will count towards your monthly usage
- **Tethering** If you want to be able to plug your phone into your computer and access your data plan, you'll need to tether and there are additional charges. Check out **WhistleOut—can help you decide on the best phone plan and cell phone in the market.**
- **Messages** How many messages do you send each month
- **National and international call—** How many local, national and or international calls do you make each month

Most carriers offer cell phone plans with varying focuses on different areas such as data, calling and text. So if you love to text then you'll definitely want to consider a cell phone plan with unlimited text. If you love surfing the web, watching YouTube and using the latest apps and or navigatin software then you may want to consider a more data-centric cell phone plan. Whatever the need, make sure you find the right carrier, but most importantly, one you can afford.

CHOOSING A CELL PHONE CARRIER

So many plans to choose form and not enough time. Be informed.

You may want to sue these sites—**WhistleOut**” or **“CelAgora**” to help you figure out which carrier is best for you. Both websites state that they are ‘free and independent Canadian mobile plan comparison tool’ to help you save time and money.



CONTRACT LENGTH

How long you want to be locked in to a contract is entirely up to you. 24 month contracts are usually the cheapest way to go, but can be brutal if you choose the wrong plan or handset.

Make sure you've gone over all the facts before agreeing to any contract. Do the math and figure out if the 24 month contract is really that much more affordable than a shorter contract. They almost always are and most people find them to be quite agreeable, but just remember that 24 months is a long time to pay for a mistake.

THINGS TO CONSIDER WHEN BUYING A PHONE:

- Display
- Design
- Controls
- Battery Life
- Data Speed
- Size
- Menus & Navigation
- Audio / Call Quality
- Locked vs Unlocked

FINALLY

It's easy to get a little jumbled after looking through a huge number of cell phone plans so we advise that you go over each part of the plan carefully before making a final decision. Do you really want that much data, or could you do with a little less/more? Will you survive on how many texts and call minutes you've chosen?

Remember, only you can really know what type of cell phone plan is best for you. So trust your own judgment to make the final call.

- Be aware of any additional fees that may be incurred (activation, overtime, 411, international/roaming, etc.).
- Investigate the cooling off period whereby you may return your phone if unsatisfied by the service. It is important to fully test out your cell phone capabilities early on to ensure the service in your area is acceptable.
- Understand the peak and off-peak times and how many minutes you have in each time slot.
- Learn how to track your cell phone usage to avoid any excess charges for overuse.
- Take advantage of special offers such as free calls to others on the same network or bonus text messages.
- Look in to additional data plans if you expect heavy use of internet or email.
- Insurance options are available from many carriers in case your cell phone is lost, stolen, broken, etc.
- In order to avoid the potential for excess usage charges you may wish to consider using a pre-paid plan option.

Tip: You can use [Cell Phone Plan Comparison](http://www.whistleout.ca/) at (<http://www.whistleout.ca/>) technology to help compare cell phone plans from the major carriers.

Tip: There are a range of 'waived connection fee' and free shipping deals almost every week so keep checking the site to secure a deal.

SETTING FINANCIAL GOALS

Setting your financial goals puts you in charge of your money and your life!

Financial goals can be short, intermediate or long term, small or large, but most of all they need to be achievable.

How to set financial goals:

S.M.A.R.T GOALS

- S** – Specific
- M** – Measurable
- A** – Achievable
- R** – Realistic
- T** – Timely

Be specific, realistic, keep each goal simple and give it a timeframe and a dollar amount.

S.M.A.R.T. GOALS

Set a long term goal - Like buying a home in the next five years or saving for your children's education (this could be your biggest goal of all).

Set some short term goals – like saving for a one-month's rent or paying off your credit cards.

Write down your goals. Try to be as specific as possible.

1. Keep each goal simple. Make sure you will be able see the quality of your goal.
2. Timeframe. This goal can be achieved within a time frame.
3. Dollar amount. Be honest about the cost.

My Financial Goals Short term goal (to be achieved within one to two years)			
Goal	Estimated Cost	Target Date	Monthly
1.	\$		\$
2.	\$		\$

My Financial Goals Intermediate goal (to be achieved within two to five years)			
Goal	Estimated Cost	Target Date	Monthly
1.	\$		\$
2.	\$		\$

My Financial Goals Long term goal (to be achieved within five and ten years)			
Goal	Estimated Cost	Target Date	Monthly
1.	\$		\$
2.	\$		\$

Example: 1

Luke and Mary want to save for their daughter's 15th birthday party. Jenifer is ten years old right now. They know they have 4 and half years to save for this festive occasion.

Intermediate Goal – 4 years and six months

Started saving January, 2014

<u>Goal</u>	<u>Estimated Cost</u>	<u>Target Date</u>	<u>Monthly Amount that needs to be saved</u>
<p>Jenifer's 15th year old birthday party.</p> <p>Want to invite all our family and friends.</p> <p><u>About 200 people</u></p> <p>Want: band, DJ, photographer</p> <p>Will also have to buy: Jenifer's dress, shoes, and accessories Wife and children's new clothes for this special occasion</p>	<p>If hall booked today, the cost is \$65 per person. Total cost for hall will be <u>\$13,000.</u></p> <p>Band & DJ will cost \$4500 Photographer \$2000 Clothes and accessories for the whole family \$1000</p> <p><u>TOTAL COST \$20,500</u></p>	<p>Saturday June 20, 2018 54 months</p>	<p>\$379.62</p>

***CALCULATION: months/total amount= monthly amount**

$$54/20,500= 379.62$$

After reviewing their goal -

Jose and his wife have decided to save bi/weekly instead of monthly. They will save \$190 every two weeks as this will be a lot easier for them to save.

They also negotiated with the hall to include the DJ.

They will be asking a cousin who is a photographer to take the photos.

They have decided not to have a band

Even though they are going to save approximately \$6500, they have decided to continue to save \$20,500.

They want to have extra money just in case they forgot to include any other expenses.

Example: 2

Betty is a single parent and has twin daughters. Betty wants to save for her daughters' education; Jane and Trish are 2 years old.

Long Term Goal – 15 years and six months

***Started saving January, 2014**

<u>Goal</u>	<u>Estimated Cost</u>	<u>Target Date</u>	<u>Monthly Amount that needs to be saved</u>
<p>Jane and Trish's Tuition fund (RESP) She wants to save for her daughters' post secondary education She has opened an RESP account with her bank. Each child received Canada Learning Bond where the government has provided \$500 for each account, and an extra \$100 each year until they are 15 years old.</p> <p>Canada Education Savings Grant Maximum amount each child will receive is \$7,200 from the Government of Canada.</p>	<p>Betty wants to save \$14000 for each daughter.</p>	<p>September, 2028</p> <p><u>She has</u> <u>186 months to save</u></p>	<p>\$150.52</p>

***CALCULATION: months/total amount= monthly amount x 2= total monthly amount**

$$186/14000= \$75.26 \times 2= \$150.52$$

After reviewing her monthly income and expenses, Betty is very satisfied with her decision to save for her daughters' education. Betty receives a \$150 from her Child Tax Credit and has decided to use this money to put towards her daughters' tuition fund.

Make a commitment to yourself!

One trick to keeping your financial goals is to remind yourself of your goals on a regular basis. Document your goals and post them where you can see it to remind you of what you want to achieve. Celebrate your achievement every step of the way.



MANAGING YOUR DEBT

Getting your finances in order can be a huge job.

Warning Signs of Debt:

There are a number of warning signs that tell you when you are too far in debt and need to make changes in order to avoid bankruptcy.

IF YOU:

- Frequently pay bills after their due date;
- Regularly bounce cheques;
- Use an advance from one credit card to pay the minimum amount on another card;
- Receive calls from a collection agency;
- Regularly ask friends or family members for loans;
- Have your utilities cut off (telephone, hydro, water);
- Have cut back on regular budget expenses such as clothing and recreation, or necessities such as food.
- Are considering taking a second job in order to help pay your bills.

THERE ARE TWO POPULAR METHODS THAT PEOPLE USE TO TACKLE DEBT.

The first is to concentrate on paying off the debt with the smallest balance first (always remember to make your required monthly payments to all debts). After that balance is repaid, you can then apply that payment to the card with the next smallest balance and continue the process until all debts are paid off. This method can be very rewarding because you see progress quickly.

The second popular method is to first concentrate on repaying the debt with the highest interest rate. This method will save you the most in interest charges over time. Regardless of the method you choose, be patient and persistent.

MANAGING YOUR DEBT

1. Track your bills

Record all of your outstanding debts so that you can see how much you owe, when it's due and when was the last time you made a payment.

THIS TABLE WILL HELP YOU KEEP TRACK OF YOUR OUTSTANDING BILLS.

Creditor Name	Acct. #	Total Amount you owe	Credit Limit	Monthly Amount Due	Due Date	Past Due	Last date you made a payment	How Many days late

2. Always pay the minimum on each debt

Each month, pay off as much of your debt as you can. Always pay the minimum you owe on each loan. This will protect your credit rating.

At this point you can decide which method you want to follow in order to pay off your debt.

3. Ask for a lower interest rate

Call your lender and request to be transferred to the low rate option. If the first person you talk to can't help you, ask to speak to their supervisor. If you have a good record of paying on time, they may be willing to reduce your interest rate to keep your business.

4. Stop using your credit cards

Put away your credit cards somewhere safe and don't use them to make any more purchases until you've cleared your debt. I am not saying you have to cancel your credit cards or cut them up, all I'm saying is just give your credit cards a short break until you have paid them off.

5. Consolidation loan

You may be able to reduce your interest charges by grouping all your debts into one low-interest loan. This works best if you stop accumulating debt while you pay off the consolidation loan.

Find out how long it could take to pay off your credit cards and other debt with this debt calculator. You may want to check this one out: <http://www.getsmarteraboutmoney.ca/tools-and-calculators/pay-off-credit-cards>

6. Trim your budget

You will need to review your spending plan to figure out where you can reduce some of your expenses so that you can afford to pay off your debts. Life style changes can be hard but not impossible, please see the **MONEY SAVING LIST** for ideas on how to reduce expenses.

7. Find Help

If you can't figure out a way to reduce your debt, consider talking to a financial planner or credit counsellor. Non-profit credit agencies help people work through their debt problems. They can help you develop a plan, reduce your interest costs and get out of debt over time.

There may be times when repayment is impossible. In those cases, bankruptcy may be the only way out. But there are many drawbacks. For example, your credit record will contain this information for 6 years or more. Consider bankruptcy as a last resort.

UNDERSTANDING YOUR CREDIT REPORT AND CREDIT SCORE

CREDIT REPORT

A credit report is a snap shot of your credit history. If you have ever used a credit card, taken out a personal loan, cell phone contract or used a “buy now, pay later” offer, you have a credit history.

Your credit report is created when you borrow money or apply for credit for the first time. Creditors send information about your accounts to the credit reporting agencies. Your credit report also includes personal information that is available in public records, such as a bankruptcy.

Your credit report contains factual information about your credit cards and loans, such as:

- when you opened your account
- how much you owe
- whether you make your payments on time
- whether you miss payments
- whether you go over your credit limit

Mobile phone and Internet accounts may be reported, even though they are not credit accounts. Chequing and savings accounts that have been closed “for cause,” due to money owing or fraud committed by the account holder, can also be included.

Your credit report is updated on a monthly basis. The creditors send the information to the credit bureaus and the credit bureaus will update the information as provided by the creditors.

CREDIT SCORE

A credit score is a three-digit number that is calculated using a mathematical formula based on the information in your credit report. You get points for actions that demonstrate to lenders that you can use credit responsibly. You lose points for things that show you have difficulty managing credit. To find out what counts toward your credit score, see the section called “[How to improve your credit score](#)”.

In Canada, credit scores range from 300 to 900 points. The best score is 900 points.

Lenders and credit reporting agencies produce credit scores under different brand names, such as Beacon, Empirica and FICO®.

Your score will change over time as your credit report is updated.

Your credit score is updated on a monthly basis. The creditors send the information to the credit bureaus and the credit bureaus will update the information as provided by the creditors.

Businesses use your credit report and score to see if you are credit worthy. Lenders may also use your score to set your interest rate and credit limit. If you have a high credit score, you may be able to get a lower interest rate on loans, which can save you a lot of money over time.

While they are very important, credit scores are usually not the only thing a lender will look at. Often, they will also consider other factors, such as your income, job or any assets you own. (<http://www.fcac-acfc.gc.ca/Eng/resources/publications/creditLoans/Pages/Understa-Comprehend-13.aspx>)

MONEY SAVING LIST

NEVER PAY FULL PRICE

When making a big purchase (such as a computer), negotiate to get additional items (such as software or a warranty) at a lower price or even thrown in free. Don't settle for paying the regular price on flowers, computers or appliances, says Steve Schaffer, CEO of Offers.com, a website for finding online promotions and coupons. He says you can usually find discounts of at least 10 percent on these items online.

ASK FOR MARKED-DOWN PRICES ON BIG-TICKET ITEMS

When you are buying big-ticket items, such as cars, appliances and furniture, ask if the store has any display or older models with marked-down prices, suggests The Smart Cookies' Guide to Making More Dough (Vintage Canada, 2009).

USE YOUR LOYALTY POINTS ON THINGS YOU NEED

Save up loyalty points for something you need and remember to redeem them when you reach your goal, recommends Minnow Hamilton, a mother of two and cofounder of SavvyMom.ca.

THINK BEFORE YOU BUY

Before making a large purchase, ask yourself whether that money would make a better investment elsewhere – in your child's [RESP](#), for example. "Business and financial planning are exactly the same," says Arlene Dickinson, CEO of Venture Communications and costar of "Dragon's Den." "You have to ensure you are putting your dollars to the right use and that you're investing in areas with the most reward and potential."

ONLY SHOP FOR GROCERIES ONCE A WEEK

Shop for groceries only once a week and always bring a list to avoid buying things you don't need, write your grocery list on one side and the meals that you want to make on the other side." Toward the end of the week, plan soups, stews and dishes like shepherd's pie to use up leftovers.

NEW FOR YOU

Buy everything pre-loved such as thrift store, and garage sales. , or better yet get it free. Visit [kijiji](#), [craigslist](#) or [freecycle](#).

VINEGAR IS NOT ONLY FOR CHIPS

Clean with vinegar or baking soda. It's cheaper than a lot of cleaning products. (Dilute the vinegar with water for your home as it's a natural disinfectant)

CABLE NO MORE

Cut your cable cord and save \$40 to \$100 a month. Get an HD antenna, or Netflix (\$7.99 a month).

TURN OUTGROWN KIDS' STUFF INTO CASH by selling the things your kids no longer use – clothes, toys, whatever – to a resale store for cash or store credit, or post items online on eBay or Craigslist.

DO YOU REALLY NEED THAT GYM MEMBERSHIP?

Check out your municipal fitness facilities before renewing your [gym membership](#). You could find free or discounted access to [aerobics](#) classes, tennis courts, swimming pools and other recreational facilities.

FOCUS ON SMALL COST-CUTTING MEASURES AT HOME

Focus on small [cost-cutting](#) measures at home. Install a low-flow showerhead and shorten the time you spend in the shower.

CAR SHARING OR THE BETTER WAY (TTC)

Consider what it really costs to own a [car](#). Look at using car-rental or car-sharing options (such as [zipcar.ca](#) and [autosshare.ca](#)) instead of owning a vehicle. Public transit may cost well over \$1,200 a year, that can be just a tenth of the cost of owning a car when you factor in gas, insurance, parking and maintenance costs, this really could be the better way. ([www.moneysense.com](#)) ([business.financialpost.com/2013/06/01/extreme-cheapskates-35-ways-to-save](#))

SELL THOSE UNUSED GIFT CARDS

Turn [gift cards](#) you'll never use into cash. At [cardswap.ca](#), you can exchange unwanted gift cards, or buy new ones to get 10 to 40 percent off at stores where you shop.

RESEARCH CREDIT CARD FEATURES

Comparing the rates and features (such as cash back) of different credit cards can help you find the right match for you. Visit [fcac-acfc.gc.ca](#) and click on Credit Card Tools.

BORROW BOOKS AT THE LIBRARY

Get a library card. The same books, DVDs and magazines that you have been spending hundreds of dollars on can be borrowed without spending a dime. Just remember to return everything on time.

CASH DIET

Take out an agreed-upon amount of cash each week (on the same day, no advances and no exceptions!) and use it for the controllable expenses, such as groceries, eating out, and entertainment. It's easy to spend money without thinking about it when you use plastic. Seeing the money come out of your pocket can be a real wake-up call. You can also try to spend \$1.50 less each day, by not buying that coffee, bottle of water or chocolate bar as these small expenses will add up.

USE COUPONS OR AND ASK FOR DISCOUNTS

Take advantage of coupons. You can find them online, in stores, on receipts. Stay motivated to use them by calculating your savings at [groceryalerts.ca/coupontracker](#). Ask for discounts. Write to companies and inquire if they can help you buy their products for a little less.

TRY TO CLEAR YOUR CREDIT CARD DEBT

Check out the payment calculator at [fcac-acfc.gc.ca](#) to compare different ways to clear your [credit card](#) bill. Paying \$100 a month on a \$1,000 bill with an 18 percent interest rate will allow you to be debt-free in 11 months – and pay \$700 less than if you were to make the minimum payments, which would mean 10 years of paying off your debt.

GO SHOPPING IN YOUR OWN CLOSET

Instead of hitting the mall for new clothes, reinvent some of those old favorite's that have seen better days, sometimes it's about altering an outfit with easy solutions.

DO BASIC HOME REPAIRS AND RENOS YOURSELF

Learn how to do some basic home repairs and renos yourself. Take advantage of free sessions offered at big-box stores that teach everything from weatherizing your home to installing ceramic tile.

REVIEW YOUR FINANCIAL GOALS MONTHLY

Review your financial goals once a month to see your progress. Go to [cewc.ca/financial-calculators](#) and use the Benefit of Spending Less calculator to see the return you can get from your new good habits.

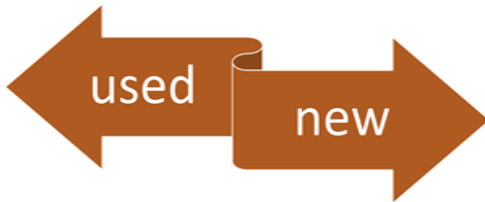
SAVE, SAVE, SAVE

Start saving – even when you're in debt. It's important that you pay yourself first! Start by setting up an automatic withdrawal to help yourself, you will be surprised how much you manage to save.

HAVE YOU EVER DREAMED OF OWNING YOUR OWN CAR?



The first thing you must decide before you begin your automobile research is whether you want a **new car** or a **used car**. Of course, there are benefits and drawbacks on both sides.



Here is a **list to help you decide what kind of car you want**. Doing your homework, like most things in life, is a good idea, especially when purchasing something as expensive as a car. Often, this means knowing what you want to get out of your car.

NEW CAR vs. USED CAR DECISION TABLE

NEW CAR	YES	NO	USED CAR	YES	NO
COST \$			COST \$		
RELIABLE			RELIABLE		
SIZE			SIZE		
FUEL EFFICIENT			FUEL EFFICIENT		
TRANSMISSION TYPE			TRANSMISSION TYPE		
KILOMETRES (DEMO)			KILOMETRES		
KM PER LITER			KM PER LITER		
COLOUR			COLOUR		

Prioritize the list in terms of how important each feature is to you. What aspects of your would-be car are you willing to budge on, and which aspects do you *need* to find in your would-be car? Many people say they want safety, reliability, and mileage in their car, when in fact they're looking for performance, comfort, and appearance. Be honest with yourself; it will make the buying process much easier.

Consider the advantages and disadvantages of buying a new car. Carefully weigh the advantages and disadvantages of buying new car based on your financial situation.

THE ADVANTAGES:

- Freedom of choice.** You can buy the car of your dream instead of being limited to the cars that are available.
- Better loan possibilities.** If you do decide to finance a new car, your financing rates could be better than if you bought a used car.
- Getting new features.** New cars are loaded with brand-new features.
- Know what you're buying.** When you buy new, you have an excellent idea of exactly what you're getting; there shouldn't be any uncertainty lurking the background about the car's history.

THE DISADVANTAGES:

- Spending more money.** New cars are expensive. You will always spend more money on a new car than you do on a used.
- Immediate price drop.** As soon as you drive the car off the lot, it loses about 11% of its value.
- Higher insurance costs.** It'll cost more to insure that brand new convertible.
- Unclear information for model year.** Is the model you are buying a reliable or an unreliable wreck? You won't know until after you have bought it and learn more the strengths and weakness of your new car.

Consider the advantages and disadvantages of buying a used car. Used cars are a great deal for many people—they're relatively cheap and the consumer has an idea of what to expect out of the car. Still, there are some disadvantages associated with buying used. Know them before you make the purchase.

THE ADVANTAGES:

- Cost.** Buying the car directly from a car dealership can be expensive; buying a similar car from a classified listings can be drastically cheaper.
- Better insurance rates.** Insurance companies know that drivers of used cars tend to be more cautious and price their insurance accordingly.
- Depreciation.** Your car will depreciate less if you buy used, because the initial depreciation was so drastic.

THE DISADVANTAGES:

- **Higher dealer mark-up.** Dealers know that they can increase the cost on used cars.
- **Higher interest rate.** It usually costs more to finance a used car.
- **Higher/more maintenance.** Used cars usually need to be maintained more often and for more money.
- **History.** Unknown mechanical and accident history.

Know how much you can afford. Remember your "Spending Plan". Your spending plan will keep you from overspending and will tell you when and why to walk away from a car you cannot afford.

Look for car models that fit your criteria and budget. Take your list shown above and the financial plan that you've made for yourself and start looking. You can look at dealerships, car websites, or classified postings, among others.

Things to remember as you begin shopping:

Use the internet. A car salesperson's worst dream is an educated buyer: a buyer who knows what they want.

You do not want to be impulsive.

Be aware of what's available based on your budget. Searching around on the internet can help you achieve this.

Save your preliminary results. Saving the results of your research will give you a starting point as you continue to shop, especially if you choose to go into a dealer. Dealers will have artificially high prices that you can spot if you've done your homework.

READY, SET, SHOP AROUND THEN BUY



Go to dealerships with no intention of buying. If you can, try to go on a day/time when the dealership is closed so you can browse freely and not be bothered by any sales pitches or arm twisting. If salespeople do approach you, tell them your intentions, you are just browsing. If they continue to ask you questions, you can just walk away and go to another dealership.

Figure out what the dealership paid for the car(s) you're looking at. This is called the "invoice price," and it's relatively easy to get on the internet. Make sure you find the invoice price with all the available features you want.

The invoice price doesn't mean much unless it actually matches the features of the car you're trying to buy.

Get online price quotes to use as bargaining chips. Many dealerships will also have an online branch that will get you a quote in a couple days; use them!

Get your finances in order before you go to the dealership. For the best possible bargain, it's essential to have your financial game plan laid out before you step foot on the dealership. This includes:

- ◆ Shopping around for a loan from a bank, credit union or finance company. Getting a loan directly from the dealership can be more costly unless they finance through a reputable bank. Go visit your financial institution and get a loan secured before you walk into the dealership.

Be willing to walk away at any point in time. A smart buyer knows that they have the bargaining edge if they choose to use it: be willing to walk away or be likely the person who will overpay for the car.

- ◆ A smart dealer may try draw out the process, making you feel like you've invested a good amount of time in a car, and that walking away is the same thing as abandoning that investment. Don't fall for that trap. Know that any time you spend researching or negotiating, even if the negotiation falls apart, is an investment in itself and will eventually pay off.

Know the salespeople's tricks of the trade. Remember most salespeople get paid by commission.

- Don't fall for the guilt trick. Don't feel guilty for refusing an offer that you know is bad. A salesperson might make you feel guilty for "wasting their time" after taking a test-drive. This is their job. Don't feel sorry. They certainly don't.
- Know that salespeople will start negotiating with an extremely high number. It's their way of "breaking" you, and making you feel like the number they're willing to come down on is actually a good one. If you know the invoice price (the price the dealer paid for the car), don't be afraid to walk away.
- Know the commission structure. After a "holdback," the salesperson gets a percentage out of the difference between the sales price and the invoice price. The higher the total sales price of the car, the more money the salesperson makes in commission.

Before buying a used car, take the car to a qualified mechanic for a complete pre-purchase inspection.

Before buying a used car, run a Vehicle History Report on the car. Check if the car was reported stolen, salvaged, or ever recalled before you buy. You can get a full history report at www.carproof.com

Read the fine print *carefully* before you sign. Don't put your guard down until you've driven the car of your dreams off the lot. Make sure you understand any contract you're reading, and don't be afraid to ask questions.

CAR LEASE

When you need another vehicle, it's good to look at all of your the options. Leasing is one of those options.

A car lease lets you drive a new vehicle without paying a large sum of cash or taking out a loan.

To lease a car, you simply make a small down payment — less than the typical 20% of a car's value you'd pay to buy— followed by monthly payments for the term of the lease. When the term expires, you return the car.

Leasing a car has some drawbacks, however. Among them:

- You don't own the car when your lease expires. You essentially rent, not buy, the car. So you don't have equity in the car to use toward the purchase of another vehicle.

Over time, say 10 years, the cost of leasing several cars will likely exceed the purchase price of a new or used car.

- Lease terms can carry steep penalties. You may have to pay penalties if:
 - You surpass the agreed upon miles in your lease contract.
 - You fail to keep the interior and exterior of the car in good condition.
 - You drive the car hard and inflict significant wear and tear on the car's performance and appearance.
 - You want to return the car before your contract expires.

DOES A LEASE MAKE SENSE FOR YOU?

Leasing is more beneficial than buying when you:

Don't have the cash to buy the car.

- Want to drive a vehicle that's out of your purchase price range.
- Won't likely exceed the mileage cap in a contract—usually between 10,000 and 15,000 miles per year.
- Can take good care of the car's exterior and interior, paying particular attention to avoid nicks, spills and other cosmetic damage.
- Expect to lease another car when your vehicle's current contract expires.

Exceeding the mileage limits on your lease can cost you 10 to 15 cents per mile. The dealer will inspect your car just before the lease expires, and you'll also be charged for excessive wear and tear.



HOW TO LEASE

Leasing a car is less complicated than buying one. But to get the best deal on the car you may want to follow these steps:

- Step 1.** Choose a type— What kind of car do you want buy? Better yet, what car do you need? A convertible? A sedan? An SUV?
- Step 2.** Pick your models— Make a list of car types in your price range. You can reduce non-lease costs by including models with favorable gas mileage, high dependability, top safety features and low insurance premiums (ask your auto insurance agent for a list of vehicles that fit the bill).
- Step 3.** Take a test drive— Once you've narrowed your list to a few models, take each car for a test drive. Pay particular attention to comfort, visibility, braking, steering, internal noise and shock-absorption. At this stage, don't yet mention you intend to lease (more on this in Step 6).
- Step 4.** Ask about safety— During your test drive, ask the salesperson whether the vehicle comes with anti-lock brake systems (ABS), electronic stability control (ESC) and head-protecting side air bags. All are valuable safety features.
- Step 5.** Compare lease deals— When you return home from the dealer, calculate the lease deals on offer and figure out how much



you can afford to pay monthly.

Step 6. Talk price first— Once you're ready to return to a dealership to strike a deal, don't tell the dealer you plan to lease until after you've negotiated a purchase price. Most people who lease are unaware that their monthly payments will be based on the final agreed-upon price.

Step 7. Negotiate up— Negotiate the final price of the vehicle up from the rock-bottom cost to the dealership. You can find out what new cars cost a dealer for \$14 per vehicle at Consumer Reports. Your monthly payments will be based on the price you and the salesperson settle on. That price will fall somewhere between the dealer's wholesale price and the manufacturer's suggested retail price.

- **Step 8.** Beware of gab— Your salesperson may try to push you toward closing the deal by focusing on the relatively low amount you'll have to pay each month. This, however, will add to the total amount you'll pay.

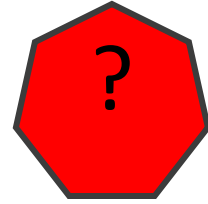
- **Step 9.** Paying the Lease— The larger your initial down pay-

ment, the lower your monthly tab will be. As with any bill, you'll face penalties if you fail to make payments on time. Turning in your leased car early, before the loan term ends will typically result in a penalty—unless you are trading in the car for another leased or purchased car.

CONTRACTS

Contract sets out the contractual nature of the deal. You cannot count on any representations that the sales rep makes to you that are not contained in the lease/buy contract. So make sure that any statements made to you to convince you to lease/buy the car is included in the contract.

QUESTIONS TO ASK



Before you sign any contract make sure you have answers to these important questions and calculate what they will mean to you.

- 1. What would be the total cost to buy the same vehicle and finance its purchase through a lender?*
- 2. What is the best retail price of the vehicle, and what price is the company using as the basis for the lease? The difference between the market value of the vehicle at the beginning and end of the lease is one of the main factors in calculating monthly payments.*
- 3. What is the interest rate being applied to the lease and how does it compare with current loan rates for purchasing a vehicle?*
- 4. Can you buy the vehicle during the term of the lease, and if so, and are there penalties or additional charges?*
- 5. Is the leasing contract easy to understand and is the information large enough to read without difficulty?*
- 6. Are you required to guarantee the residual value of the car to the dealer?*
- 7. Can you terminate the lease before the date specified in the contract, and if so, is there a penalty or additional charge?*
- 8. How is normal wear and tear on the vehicle defined, and what is excessive wear and tear and extra mileage that makes you liable for an extra expense at the end of the lease?*
- 9. What is the total cost of the lease, and could you have bought a similar car for that amount?*
- 10. What is the total financial obligation of the lease, including the cost of all lease payments, plus all taxes, levies, fees, trade-in allowance, security deposit, advance payments and any down payments?*
- 11. What are the restrictions on the use of the vehicle—can you use it outside your city or province, or in another country?*
- 12. What is your responsibility for maintaining and servicing the vehicle?*
- 13. What are the warranties and guarantees, and is there any insurance provided for or required by you?*
- 14. What is the retail price of the vehicle, the price on which the lease payments are based, and the interest rate applied to the lease contract?*
- 15. What are the details of periodic payments, including the total number of payments, amount of each payment, payment dates, taxes on payments, and the total amount of all payments?*
- 16. Do you have “gap” protection? If you do, and you are in an accident and the vehicle is damaged beyond repair, this program will cover the difference after you pay the deductible, between what you owe on the remainder of your lease and the amount of your insurance settlement.*

AUTO INSURANCE - IT'S THE LAW!

Ontario law requires that all motorists have auto insurance.

Fines for vehicle owners, lessees and drivers who do not carry valid auto insurance can range from \$5,000 to \$50,000.

If you are found driving without valid auto insurance, you can have your driver's license suspended and your vehicle impounded.

If you are convicted of driving without valid auto insurance, your insurance company may consider you a "high-risk" driver and charge you higher premiums or refuse to sell you insurance altogether. If you are injured in an accident while driving or occupying an uninsured vehicle:

You may not be entitled to receive income replacement and/or non-earner benefits; and

You may not be allowed to sue the at-fault driver for compensation as a result of injuries received in the accident.

More importantly, if you are found to be at fault for an accident causing injury or death to another person, you may be held personally responsible for his/her medical costs and other losses.

(https://www.fsco.gov.on.ca/en/auto/brochures/Pages/brochure_autoins.aspx#one)

Here are ten things you need to know.

1. Keep a good driving record

The single best way to keep your premium low is to build a good driving history. Accidents and convictions stay on your driving record for years. It's the number one thing insurance companies use to determine your rate.

2. Shop around

Many people think all insurance companies charge about the same for the same coverage and driving profile. Not so. Rates vary significantly.

This is primarily because insurance companies assess risk independently. They all consider such things as where you live, the type of car you drive, how long you have been licensed and your driving record to build a risk profile. But each company has different claims and loss experience and so rates can vary significantly from one company to the next for the same car and driver for the same level of coverage.

3. How brokers work

You may also think that your broker is able to shop the entire market for the lowest rate available, but he or she isn't. He or she is limited to providing quotes from the limited number of insurance companies he or she represents, typically no more than four or five. An insurance company agent can't shop the market at all and is only able to provide you with the rate available from the single insurance company he or she represents.

Since there are more than 30 companies selling car insurance in Ontario alone, the only way to be sure you are getting the best rate is to get competitive quotes from as broad a sample as possible. There are a number of online sources that can help - just make sure you keep notes on all the quotes.

To locate a broker near you, visit [Insurance Brokers Association of Ontario \(IBAO\)](#) .

For information on insurance companies, visit [Insurance Bureau of Canada \(IBC\)](#) .

For information on direct writers, visit [Canadian Association of Direct Response Insurer \(CADRI\)](#) .



4. Consider increasing your deductible

A deductible is the amount you must pay before your insurance company will cover any expenses related to a claim. Generally, higher deductibles translate to lower premiums. This means increasing your deductible can be an effective way to lower your rate. However, it's important to realize you must be comfortable paying the higher out-of-pocket cost if something happens to your car and you need to make a claim.

5. Review your coverage

Depending on the value of your vehicle, you may want to speak to your broker or agent about the type of coverage you require. For example, if you drive an older model, you may want to consider removing or opting out of collision and comprehensive coverage which typically represents a significant portion of your premium.

6. The Porsche factor

The type of car you drive is another important factor used to set your rate. Generally speaking, new cars cost more to insure than older cars, sports cars more than family sedans and insurance companies look at statistics on theft, safety ratings, and claims history of each when setting their rates.

Visit the Insurance Bureau of Canada to see the difference in the frequency of theft and claims for various cars and to better understand how your choice will affect the amount you pay for car insurance.

7. Ask for discounts

The worst thing that can happen is the insurance company can say no. Some of the more common discounts are for bringing all your insurance needs to the same insurer, maintaining a clean driving record and installing an anti-theft device.

8. Accident forgiveness coverage

Accident forgiveness coverage protects your driving record and rate increases in the event of an "at-fault" loss. Costs for this coverage can vary from one company to the next, but it could save you hundreds of dollars on your next renewal.

Check if this coverage is offered by your insurance company and consider the additional cost as a way of buying "insurance" on your driving record. Some companies may even provide it free of charge.

9. Loyalty can be costly

Some insurance companies may offer discounts if you've been with them for a long time and there are benefits to not moving too frequently. But a loyalty discount can give you a false sense of security and may distract you from finding a better rate. In some cases, the savings associated with switching can outweigh any loyalty discount. The only way to know for sure is to shop around.

10. Drivers training

New drivers should take an accredited driver training course. It not only prepares you to become a better driver, but usually qualifies you for a significant discount with many insurance companies.

This article was prepared for Moneyville's launch. Andrew Wicken was the general manager of InsuranceHotline.com, a free online insurance rate comparison service.

InsuranceHotline.com, which is partly owned by The Toronto Star, is one of three free comprehensive online services that offer free insurance quotes. The others are MyInsuranceShopper.ca, which is run by Ontario's independent insurance brokers and Kanetix.ca a private company which has been in business since 1999.

Please Remember, Insurance Fraud Is a Crime

Insurance fraud costs all of us in the of higher auto insurance premiums.

It is an offence under the federal Criminal Code for anyone, by deceit , falsehood, or other dishonest act, to defraud or to attempt to defraud an insurance company.

If you are caught committing or attempting to commit insurance fraud:

- Your claim will be denied
- Your insurance policy may be cancelled outright
- You may pay higher premiums in the future
- You may be denied insurance in the future
- More importantly, the offence is punishable, on conviction, by a maximum of 10 years' imprisonment for cases involving an amount over \$5000 or otherwise a maximum of 2 years' imprisonment.

Common types of fraud or attempted fraud may include:

- lying about the way a loss occurred,
- filing fraudulent automobile accident or damage claims,
- including previously existing damage to a vehicle when submitting a claim,
- withholding information about past accidents, traffic convictions, claims, policy cancellations or non-renewals, other insurance in force, and medical and disability history, and
- receiving payments for treatments not received.



THE CANADIAN INCOME TAX SYSTEM IS A SELF-ASSESSMENT REGIME

Taxpayers assess their tax liability by filing a return with the CRA by the required filing deadline. CRA will then assess the return based on the return filed and on information it has obtained from employers and financial companies, correcting it for obvious errors. A taxpayer who disagrees with CRA's assessment of a particular return may appeal the assessment.

The appeal process starts when a taxpayer formally objects to the CRA assessment. The objection must explain, in writing, the reasons for the appeal along with all the related facts. The objection is then reviewed by the appeals branch of the CRA. An appealed assessment may either be confirmed, vacated or varied by the CRA. If the assessment is confirmed or varied, the taxpayer may appeal the decision to the Tax Court of Canada and then to the Federal Court of Appeal.

([HTTP://EN.WIKIPEDIA.ORG/WIKI/INCOME_TAXES_IN_CANADA](http://en.wikipedia.org/wiki/Income_Taxes_in_Canada))

WHO PAYS TAXES

Under the Canadian Income Tax System, all individuals with Canadian residency are required to pay income taxes

- Canadian Citizen
- Protected Persons (Refugees)
- People who have received permanent resident status from Citizenship and Immigration Canada (CIC)
- Who apply to CIC to become permanent residents
- People who have approval-in-principle from CIC to stay in Canada



- Many factors determine a persons' residency for more information contact Canada Revenue Agency (CRA)
1800-267-5177

IS ALL INCOME TAXED?

- Most income such as your employment earnings and pensions, investments (RRSPs), Canada Pension Plan (CPP), Old Age Security (OAS) and Foreign Pension Plans are taxed when you receive them.
- Not All money you receive is taxed. Government benefits such as Harmonized Sales Tax (HST) Worker's Compensation and Ontario Works (OW) are not taxed.

PERSONAL INCOME TAX

The amount of income tax that an individual must pay is based on the amount of their taxable income (income earned less allowed expenses) for the tax year. Personal income tax may be collected through various means:

1. Deduction at source - where income tax is deducted directly from an individual's pay and sent to the CRA.
2. Installment payments - where an individual must pay his or her estimated taxes during the year instead of waiting to settle up at the end of the year.
3. Payment on filing - payments made with the income [tax return](#)
4. Arrears payments - payments made after the return is filed

Employers may also deduct [Canada Pension Plan/Quebec Pension Plan \(CPP/QPP\)](#) contributions, [Employment Insurance \(EI\)](#) and Provincial Parental Insurance (PPIP) premiums from their employees' gross pay. Employers then send these deductions to the taxing authority.

DO YOU HAVE TO FILE A RETURN?

You must file a return annually or 2013 if any of the following situations apply:

You have to pay tax for the past year.³

The government sent you a request to file a return.

You and your spouse or common-law partner elected to split pension income for 2013. See lines 115, 116, 129, and 210.

You received working income tax benefit (WITB) advance payments during the year.

You disposed of capital property in 2013 (for example, if you sold real estate or shares) or you realized a taxable capital gain (for example, if a mutual fund or trust attributed amounts to you, or you are reporting a capital gains reserve you claimed on your previous return).

You have to repay any of your old age security or employment insurance benefits. See line 235.

You have not repaid all amounts withdrawn from your registered retirement savings plan (RRSP) under the Home Buyers' Plan or the Lifelong Learning Plan. For more information, see Guide RC4135, Home Buyers' Plan (HBP) or Guide RC4112, Lifelong Learning Plan (LLP).

You have to contribute to the Canada Pension Plan (CPP). This can apply if, for the previous year, the total of your net self-employment income and pensionable employment income is more than \$3,500. See line 222.

You are paying employment insurance premiums on self-employment and other eligible earnings. See lines 317 and 430.

Even if none of these requirements apply, you can file a return if any of the following situations apply:

You want to claim a refund.

You want to claim the WITB for the previous year.

You want to apply for the GST/HST credit (including any related provincial credits). Check your eligibility.

You or your spouse or common-law partner want to begin or continue receiving Canada child tax benefit payments, including related provincial or territorial benefit payments.

You have incurred a non-capital loss (see line 236) in the previous year that you want to be able to apply in other years.

You want to carry forward or transfer the unused part of your tuition, education, and textbook amounts (see line 323).

You want to report income for which you could contribute to an RRSP and/or a pooled registered pension plan (PRPP) to keep your RRSP/PRPP deduction limit for future years current.

You want to carry forward the unused investment tax credit on expenditures you incurred during the current year (see line 412).

You receive the guaranteed income supplement or allowance benefits under the old age security program. You can usually renew your benefit by filing your return by April 30. If you choose not to file a return, you will have to complete a renewal form. This form is available from Service Canada.

(<http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/flng-blgtns/menu-eng.html>)

SENDING A TAX RETURN

There are several ways to file or send your tax return:

BY INTERNET

[NETFILE](#) is a fast, easy and secure service that allows you to send your tax return directly to the government using the Internet. Internet-filed tax returns must be prepared using one of the [tax preparation software or web applications](#) certified by the government.

[EFILE](#) is an automated system that lets registered electronic filing service providers, including [discounters](#), to complete and send your tax return to the government electronically. To use this service, bring your documents to a tax preparation service provider who will complete and file your return for you.

BY MAIL

You can mail your tax return to your [tax centre](#). If you prepare your own return or other people's returns, mail or deliver each person's return in a separate envelope. However, if you file returns for more than one year for the same person, put them all in one envelope.

MULTIMEDIA

Video: [Filing and payment methods \(7:05 min.\)](#)

REFUNDS

You can have a refund if you:

- had too much tax withheld;
- If you paid more instalments than necessary; or
- claimed more refundable credits than the total taxes you owed.

WHEN CAN I EXPECT MY REFUND?

Your tax return is usually processed and returned in four to six weeks. However, all tax returns start to be processed in mid-February, so do not call before mid-March, even if you filed your return in January. If you filed your return on or before April 15, wait four weeks before you call. If you filed your return after April 15, wait six weeks before you call.

HOW THE CRA APPLIES YOUR REFUND WHEN IN ARREARS

If your total payable on [line 435](#) of your return is less than your total credits (**line 482**), the difference is your refund on [line 484](#).

Generally, if the difference is \$2 or less, you will not receive a refund.



Please note that CRA may keep some or all of your refund if you:

- owe or are about to owe a balance;
- have a garnishment order under the *Family Orders and Agreements Enforcement Assistance Act*;
- have certain other outstanding federal, provincial, or territorial government debts, such as student loans, employment insurance and social assistance benefit overpayments, immigration loans, and training allowance overpayments; or
- have any outstanding GST/HST returns from a sole proprietorship or partnership.

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Acknowledgement

Jane/Finch Community and Family Centre would like to thank and acknowledge the **Counselling Foundation of Canada** for its generous financial support, enabling us to create the financial literacy electronic book.

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