



Spring Cleaning for your Credit

Finally spring time is upon us and if you're like most folks, you're probably going to go around the house and clean things up. In fact, I'm guessing that many of you guys out there have already been given your "honey do" lists by now, lucky you! While you're busy cleaning things up, how about your personal finances and credit?

So how do we go about cleaning up our finances and credit? Well, just like you go about cleaning up your home room by room, you clean up your credit and finances item by item. A good starting place is by examining how you've been spending your money and look for ways to do it more effectively. Do you have any kind of monthly or annual budget, and if so, how have you done keeping to it? Are there any areas you have come under and areas you've gone well over, and why? Is your budget realistic? If not, how could it be improved upon? Will it help you meet your short and long term financial goals? Are you and your spouse or family all on the same page? Do you all share a common vision when it comes to your family finances and budget? If not, why not? More importantly, what's it going to take to get everyone on the same page?

Another great area which is seldom focused upon is personal credit scores. Has your credit score gone up or down over the past year? Are you planning a major purchase in 2008, like a car or a house, where you'll need to show lenders that your credit is absolutely the best it can be? The year may no longer be new, but you can still set some goals for yourself financially. Not only is viewing your credit score and file valuable in helping you ascertain whether you're going to qualify for the most favourable terms, conditions, and rates, but equally important in knowing that there are no discrepancies and/or fraud happening on your credit file. By regularly viewing your credit report at least once a year, it can greatly increase the likelihood of catching any illegal or fraudulent activity involving your credit and someone misusing your information. If you notice anything out of the ordinary, you need to dispute it immediately. There are two major credit reporting agencies: Equifax and Trans Union, you can easily request a copy of your credit file from either one by visiting their respective websites.

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Something
to
Ponder

*The best teacher is an
excellent student*

Kam Brar

Spring cleaning for your credit continued...

If you've saved them, your credit card statements are an invaluable tool in helping you determine your spending patterns and see where you can improve or save yourself money. And if you haven't saved paper copies, most credit card companies will allow you to access online statements. However, not everyone uses their credit card for every purchase; they will often use debit cards and cash as well. The problem with using both debit cards and cash is that it is nearly impossible to track your spending habits with either of these unless you keep every receipt and good notes. I've noticed that many folks today don't even keep debit receipts, they just have the merchant discard them. If there's one thing that I can guarantee you, it's that by using your credit card to pay for everything for a month or two and then reviewing the statements, you will be absolutely astounded at all of your spending, especially your disposable spending. I promise for many of you, it will be an eye opener! If at the end of the month you don't have enough money in your personal checking account to cover your credit cards, it should be an immediate wake up call that you're spending too much! Another reason for reviewing your statements is to understand what these credit cards are costing you. Interest charges on unpaid balances are an excellent place to begin the savings process. For example, if you have a \$5000 balance on a card with an interest rate of 17%, you're going to pay \$850 in annual interest charges.

If you can't pay off your entire balance immediately, or at least a good chunk of it, negotiate with the credit card company to lower your rate. Often they will lower it rather than lose a customer (provided your credit and repayment history is excellent). If the credit card company refuses to lower your interest rate, consider transferring the balance to a card with a low or zero percent interest rate on balance transfers. You may have been receiving such offers in the mail all along from your existing creditors. If you go this route, however, you have to be vigilant not to add new purchases to it, while you're in the process of paying it off. You took it to save money, not to make more purchases and using the lower rate as justification for doing so!

A practical and useful way for paying down credit card balances is to set up an automatic payment plan with the credit card company. With automated payments, you don't have to remember to pay every month, thereby ensuring that you'll never have to worry about late fees or penalties, which will only serve to enhance your credit rating.

As for physically cleaning up your credit—in other words, how long should you hang onto credit card receipts and statements? Keep receipts of purchases you've charged until you get the monthly statement; if they match, shred your receipts. Of course if there are any inconsistencies, report them immediately to your credit card company. Most accountants will also tell you that if you have tax-related expenses on your statements, keep them for seven years along with the receipts as backup. This way if you are ever audited, you will be able to provide the wonderful auditors at CRA what they will be looking for!

One thing I can promise you is that if you undertake this spring financial and credit clean up on, you will be rewarded for the rest of the year and beyond!

On the lighter side...

Why do you have your front door leading right into the dining room? So my relatives won't have to waste any time.

The sellers told me their house was near the water. It was in the basement.

The dream of the older generation was to pay off a mortgage. The dream of today's young families is to get one.

If you think no one cares you're alive, miss a couple of mortgage payments.

This country is great. It's the only place where you can borrow money for a down payment, get a 1st and 2nd mortgage and call yourself a homeowner.

The trouble with owning a home is that no matter where you sit, you're looking at something you should be doing.



Referrals

Your referrals are always welcome, so if you can think of someone who may benefit from my services, please send me an e-mail to kam.brar@vericoselect.com or call me at 250-686-4246.

Never dealt with me, not sure what kind of service you're going to get? [click here](#) to see what some of my clients have to say!

If you have any questions or comments please contact Kam at kam.brar@vericoselect.com or visit www.kamthemortgageman.com