

Taming Debt

\$96,000. According to a Vanier Institute of the Family study, that was the debt load of the average Canadian in 2009. Meanwhile, debt-to-income levels rose to 145 per cent – the highest ever recorded in the study's 11-year history.

How can we get out of the red and into the black? By thinking green.

The fact is getting into debt is all about the misuse of resources. Start applying the 3Rs to your finances – reduce, reuse, recycle – and you'll discover that things that are good for the environment are also good your bank account.

Reducing costs and waste often begins in the same place: the fast food joint. For example, a grande cafe mocha from Starbucks with whipping cream rings in at an average \$4 a cup, three times a week, that's \$624 per year. Or to measure it another way, that's 62,400 calories (which unburned, will add 18 pounds). Then there are the paper cups and plastic lids to consider. By contrast, filtered coffee comes in at about 20 cents a cup, when home brewed and poured from a stylish stainless steel thermos into your own mug.

Need to reduce the grocery bill? Think green again. Buy bulk foods. Go vegetarian twice a week. Eliminate packaged and processed foods. Cook big meals from scratch and freeze the leftovers into lunches and dinners.

Reducing energy consumption saves money, so turn off lights, hang-dry clothes, shut off the computer, and wear sweaters indoors. Limit car use by walking, cycling, carpooling, or using transit. If you're a city dweller who must drive occasionally consider joining a local car co-op which charges a user fee for trips as short as an hour.

Architects have termed the trend to smaller homes "eco-density" but it's another green philosophy that benefits the debt-burdened. Shrink your home and you'll find all your other costs decline, including the mortgage, heating, insurance, maintenance, gardening, and decorating. A related benefit is that small space living reduces the amount of stuff you can acquire, and all the associated costs of storing and caring for it.

The challenge of reusing or recycling everything you need is easier to meet thanks to the many consignment stores (clothes, sporting equipment, furniture) and online markets like Craigslist and eBay. Secondhand stores buy books, DVDs, and CDs, as well as selling them at a fraction of the cost new.

In 2001, Hamilton, Ontario's Dianne Nahirny wowed Canadians with her book *Stop Working, Start Living*, which detailed how she retired at the age of 36, without winning the lottery. Her single most effective idea was to spend as little as possible on necessities that would devalue. It was a good idea then, and it's still a good idea now.

"Think of all the options before parting with your cash," writes Nahirny, who would consider borrowing, renting, or buying secondhand before heading into the malls.

Finally, discover the debtor's best friend: a spending plan, otherwise known as a budget. Just like the earth's resources, yours are limited so you need to plan how to use them effectively.

For more helpful solutions to tame your personal debt, **contact us** today. Our account managers can start you on the path to achieving your financial goals and potential.

