

# Dealing with Debt

*Enhancing Financial Literacy  
for Community Wellness*



# Technical information

For audio/visual troubleshooting, visit:

<https://support.zoom.us/hc/en-us>

This workshop will be **recorded**.

Please remain on 'mute' unless otherwise requested.  
Cameras may be on or off.

Participate in group discussion or ask questions at any time using the chat function.

# Introductions: Who are we?

Metis Nation of Ontario

*Community Wellness Program through Healing &  
Wellness Branch*

*Financial Literacy Program through Housing &  
Infrastructure Branch*

Métis Nation  
of Ontario 



# Introductions: Who am I?



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Housing Programs

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# Introductions: About you!

## Poll questions:

What region of Ontario are you joining from?

How would you rate your current financial literacy?

What financial topics are you interested in learning more about?

# Today's Agenda

1. What is 'financial literacy'?
2. Understanding your budget
3. Breaking the debt cycle
4. Finding more money
5. Finding support

# What is *Financial Literacy*: By Definition...

**Financial literacy** is the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing.



# What is *Financial Literacy*: What's it about?

- Setting financial goals
- Budgeting
- Managing debt
- Saving & investing
- Navigating credit
- ...and more!





# What is *Financial Literacy*: Why does it matter?

- Control of present & future
- Emergency preparedness
- Avoiding expensive mistakes
- Confidence in financial decisions
- Make & reach your financial goals



# Understanding your budget:

## What is a budget?

A **budget** is an estimation of revenue and expenses over a specified future period of time and is usually compiled and re-evaluated on a periodic basis.

# Understanding your budget: Audience Poll

1. Have you ever created a budget?
2. Do you currently follow a budget?
3. Do you feel that a budget is/would be helpful?

# Understanding your budget: Why might they be helpful?

- Money seems to disappear
- Knowledge is power
- Tracking to understand your spending
- Prioritize what's important

# Understanding your budget:

## How do I make one?

- **Method:**
  - Paper & pen
  - Budgeting spreadsheets
  - Online tools
- **To prepare:** gather any/all information about your income & expenses

# Making a Budget

## Step 1: Calculate your monthly net income

**Method:** Add up all amounts that you receive each month

**Tip:** *factor in all income, like Canada Child Benefit, gift money, cash jobs, etc. and adjust to 'monthly' amount*

## BUDGET PLANNER

### Income

NET MONTHLY INCOME: (take home pay - after all deductions)	\$	2,800
OTHER MONTHLY INCOME: (i.e. Canada Child Benefit, investments, gifts etc.)	\$	450
<b>TOTAL NET INCOME (A) =</b> (add all monthly income amounts)		\$ 3,250

# Making a Budget

## Step 2: Estimate what's going out each month

**Method:** track and record what you spend on fixed and variable expenses

**Tip:** use bank or credit card statements to help list everything you might purchase over any period of time

### Monthly Fixed Expenses

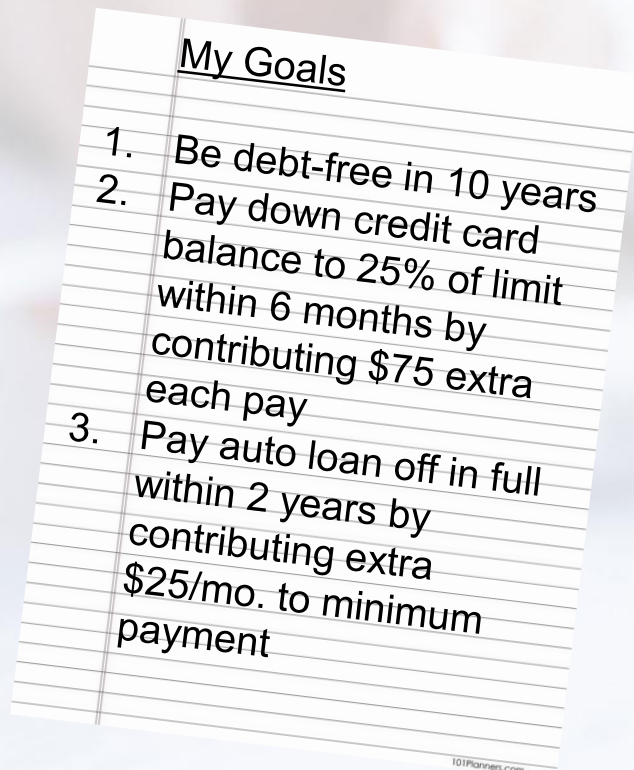
HOUSING	Rent or Mortgage	\$	1,300
	Property Tax	\$	N/A
	Strata/Condominium Fees	\$	N/A
	Other:	\$	
UTILITIES <small>(use average monthly amounts)</small>	Heating	\$	90
	Electricity	\$	70
	Water	\$	60
	Other:	\$	
LOANS	Vehicle Payment	\$	350
	Student Loan	\$	140
	Other:	\$	
INSURANCE	Auto	\$	130
	Home/Property	\$	
	Life/Disability	\$	35
FAMILY RESPONSIBILITIES	Other:	\$	
	Childcare	\$	500
	Child/Spousal Support	\$	
TELECOMMUNICATIONS <small>Note: some telecommunications may be negotiable, and a source of budget flexibility</small>	Other:	\$	
	TV/Cable/Satellite	\$	20
	Phone (mobile and/or landline)	\$	60
	Internet	\$	80
	Other:	\$	

# Making a Budget

## Step 3: Pinpoint what you're working towards

**Method:** think about both short- and long-term financial goals you have and write them down

**My suggestion:** Use short-term goals as stepping stones to long-term goals





# Making a Budget

## Step 3: Pinpoint what you're working towards

**SMART Goal Setting:** Goals should be specific, measurable, achievable, realistic, and timely

*Example: I will pay off all of my credit card debt in 2 years, starting by contributing \$70/mo. and increasing this amount as my interest costs go down.*

***Tip:** your goals aren't set in stone, but setting them can help you to get and stay motivated*

# Making a Budget

## Step 4: Write it all down

**Method:** total up your expenses and compare them to your income and your priorities

**Tip:** *be as honest as you can so you can make realistic adjustments that will actually work for you*

Monthly Fixed Expenses		
HOUSING	Rent or Mortgage	\$ 1,300
	Property Tax	\$ N/A
	Strata/Condominium Fees	\$ N/A
	Other:	\$
UTILITIES <small>(use average monthly amounts)</small>	Heating	\$ 90
	Electricity	\$ 70
	Water	\$ 60
	Other:	\$
LOANS	Vehicle Payment	\$ 350
	Student Loan	\$ 140
	Other:	\$
INSURANCE	Auto	\$ 130
	Home/Property	\$
	Life/Disability	\$ 35
	Other:	\$
FAMILY RESPONSIBILITIES	Childcare	\$ 500
	Child/Spousal Support	\$
	Other:	\$
TELECOMMUNICATIONS <small>Note: some telecommunications may be negotiable, and a source of budget flexibility</small>	TV/Cable/Satellite	\$ 20
	Phone (mobile and/or landline)	\$ 60
	Internet	\$ 80
	Other:	\$
<b>TOTAL NET INCOME (B) =</b> <small>(add all monthly fixed expense amounts)</small>		<b>\$ 2,835</b>

# Making a Budget

## Step 5: Adjust as needed

**Method:** adjust expenses to line up with income, or adjust your goals.

**Tip:** *many small changes can add up to significant savings over time!*

### Calculate and Adjust

TOTAL NET INCOME (A)	\$	3,250
TOTAL FIXED EXPENSES (B)	- \$	2,835
TOTAL SAVINGS/EMERGENCY FUND CONTRIBUTIONS (C)	- \$	208
TOTAL FLEXIBLE EXPENSES (D)	- \$	310
MONTHLY SURPLUS (+) OR DEFICIT (-)	= \$	- 103

# Making a Budget

## Step 6: Check in often

**Method:** review your income vs. expenses and how what you're doing actually compares to your plan

**Tip:** *nothing is ever set in stone – making adjustments as you go will keep you in control of your finances*

# Finding more money: Covering the basics

Everyone's basic needs would include shelter, food, as well as other things specific to you

If you don't have enough income, how can you increase it?



# Finding more money:

## Where can money come from?

Typical sources of income include:

- Wages and salaries
- Self-employment
- Government transfers
- Community Support
- Gifts
- Other



# Making the most: Salary or wages

- Asking your current employer for a raise
- Planning how your budget will change with scheduled raises
- Seeking additional employment
- New employment – more pay for similar work



# Making the most: Self-employment

- Use self-employment as a source of additional income
- Seek guidance from others on ways to maximize your income
- Look to support organizations, such as MVDF, for growth opportunities





# Making the most: Government transfers

- Understand what you are entitled to as a Canadian citizen
- Learn about additional sources that you can apply for – [Benefits Wayfinder](#)
- Get help to ensure applications are filled out fully and correctly



# Making the most: Other income sources

- Plan for how additional income will be treated within your budget
- Should additional income be relied upon?
- Where to look for additional sources of income?



# Making the most:

## Other income sources

- Utility Assistance Program (Call 2-1-1)
- Ontario Electricity Support Supplement
- Local YMCA and/or Employment Centers
- United Way
- MNO Community Wellness Programs





# Breaking the debt cycle: An introduction

What is 'debt' and the 'debt cycle'?

The impacts of the debt cycle

Strong link between debt and poor mental health  
(prolonged stress, depression and anxiety)<sup>1</sup>

The stigma of being in debt

# The good, the bad & the ugly

## Good debt

- Using credit to build credit score
- Purchase items within your budget
- Long-term investments (ex. Mortgage debt)
- Low interest rates

# The good, the bad & the ugly

## Bad debt

- Borrowing money for things not in budget
- Using credit to buy depreciating assets
- Only being able to meet minimum payments
- Higher interest rates

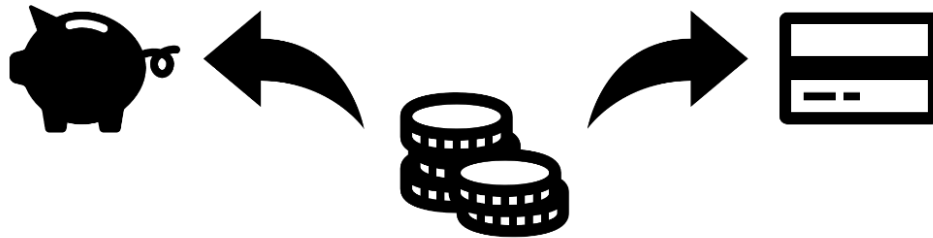
# The good, the bad & the ugly

## Ugly debt

- Falling behind on debt payments
- Highest interest rates
- Inability to see a way to ever pay them off

# Debt reduction as a goal

- Deciding that repaying debts is a goal
- SMART goal recap
- The need to shift your mindset about debt

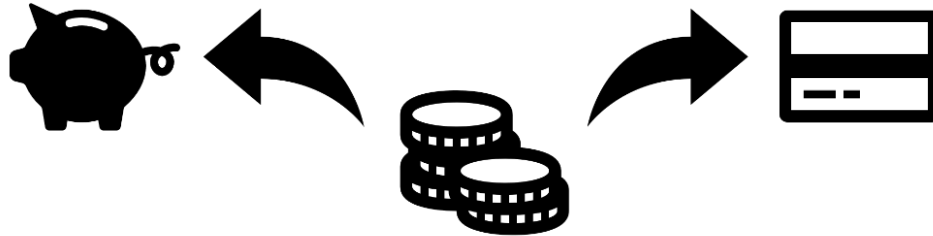




# The steps to debt reduction

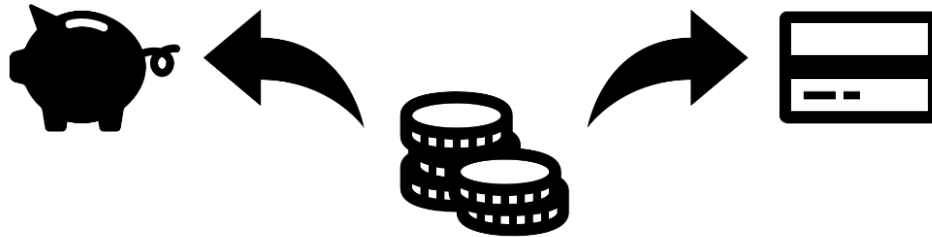
## Step 1: List out your debts

- Include amount(s) owed, regular payment amounts, interest rate for each



# The steps to debt reduction

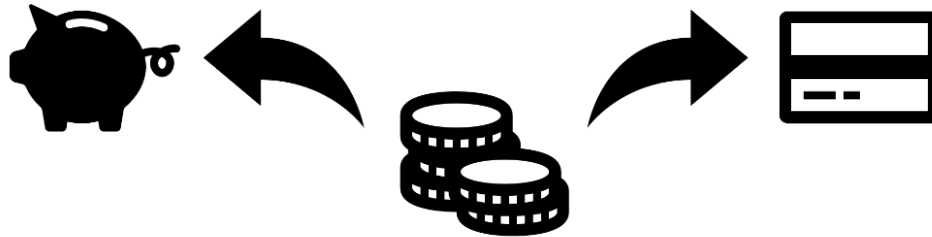
**Step 2:** Review your budget to see how much can be allocated to debt repayment



# The steps to debt reduction

## Step 3: Decide on a debt strategy

- Choose your timeframe
- Decide which debts to focus on repaying 1<sup>st</sup>



# Debt reduction strategies



**Debt Snowball** = focus on paying off smallest debts first



**Debt Avalanche** = focus on paying off highest interest debts first

# Debt reduction strategies

## Case Study



1

2

3



3

1

2

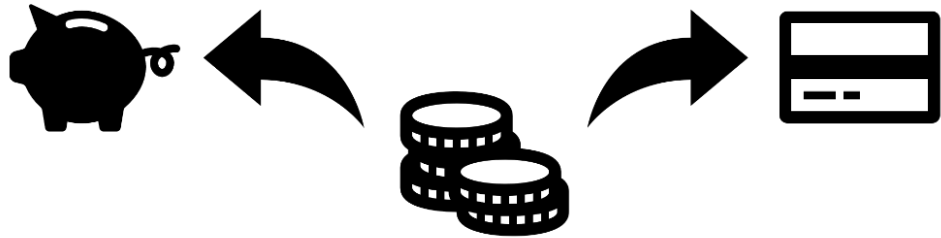
Auto loan with \$5000 balance at 7% interest, minimum payment is \$500/mo.

Credit card with \$6000 balance at 29% interest, minimum payment is \$180/mo.

Line of credit with \$15,000 balance at 8% interest, minimum payment is \$100/mo.

# The steps to debt reduction

**Step 4:** Follow through on your plan!  
...and avoid taking on more debt



# When debt feels out of control

- Credit counselling, financial advisor, or Licensed Insolvency Trustee (LIT)
- Create a tailored debt plan – repayment from earnings, consumer proposal, bankruptcy, or other!

# When debt feels out of control

Is the first consultation free?

What services are you able to provide?

What fees are involved with each available service?

What qualifications and/or experience do your counsellors have?

Will the agency provide a written proposal describing how they can help?

What support is offered to help improve money management skills?





Thank you!

QUESTIONS?



For more information on the Community Wellness Worker Program, contact:

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