

MONEY MATTERS: FINANCES TAXES & INSURANCE

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Hold the Latte and Bag the Lunch!

Capital One survey finds money management strategies include fewer frills but lack big picture credit wisdom

A new survey by Capital One Canada shows that Canadians will sacrifice some creature comforts in order to improve their financial situation in 2007. The results show that Canadians are willing to exercise frugality in the following key areas:

- The majority (65 percent) of Canadians say they will brown bag rather than buy lunch.
- Four in ten (44 percent) Canadians say they will cut back on their lattes.
- Twenty percent of Canadians say they will use public transportation rather than drive to work to save money on gas.

While it is clear that Canadians are interested in managing their money better in 2007 – an overwhelming majority (82 percent) say they plan to create and use a budget this year – the results also reveal inconsistencies in approach to financial fitness which could translate into more savings.

Nearly half of Canadians (46 percent) said they did not stay within their planned budgets over the holidays, leaving room for improvement in the new year. Despite the fact that 63 percent say interest rates are the most important factor when choosing a credit card, only 11 per-

cent plan on shopping around for lower rate credit cards and transferring balances.

“It is important for Canadians to be informed about their financial choices and understand how the decisions they make affect their overall financial health,” says Pam Girardo of Capital One. “The results of this survey show that while Canadians are willing to take positive steps to improve their personal finances, they are overlooking the value that competitive credit options play in advancing their goals and meeting their financial needs.”

As the year gears up and resolve runs high, Capital One offers tips to help build credit awareness:

- Review your credit report at least once a year and know your credit score: Credit reports are used by lenders and others such as employers and landlords to assess risk. A low credit score could affect your financial options since it depicts your financial picture.
- Shop around for credit: Experts agree that comparison shopping for credit cards will allow you to find the best offer that meets your needs and fits your financial lifestyle. Shopping around for credit is a critical money management tool that can translate into substantial savings. The Financial Consumer Agency of Canada (FCAC) offers a useful credit card comparison table within the 'Credit Cards and You' section of their website as a resource for consumers: <http://www.fcac-cfc.gc.ca/eng/consumers/CreditCards/default.asp>
- Develop a budget and stick to it: Budgets help organize your finances and set parameters on spending. Developing – and sticking to – a budget is an important first step consumers can take to better their financial health.

Other key survey findings by region

- Quebecers (31 percent) are less likely to cut back on their lattes than residents from any other province
- British Columbians (15 percent) are less likely to use public transportation to capture savings on gas than Quebecers (23 percent)
- Atlantic Canadians (16 percent) are the most willing to shop around for the best credit card rate while a massive 82 percent say the interest rate is their number one concern in selecting a credit card
- The majority of Albertans (72 percent) will brown bag rather than buy their lunch



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