



Boom turns to slowdown

Sales of existing homes in Canada rose in March from February even though year-over-year sales fell sharply, data on Monday showed, offering more signs that the post-recession housing boom may have turned into a stable slowdown.

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yourfinance



Just how much is debt costing you?



GAIL VAZ-OXLADE
Special to QMI Agency

An excuse I often hear people make for why they can't save is that they're busy paying off their debt.

In my experience, most people are just throwing money at their debt without ever having taken the time to figure out how much is going to interest and how much is actually paying down the balance.

If you're serious about getting out of debt, you're making more than just the minimum payment you must make to keep your credit score nice and shiny. You've set a deadline and done the math to meet that deadline.

Here it is: A step-by-step plan to pay off a single debt. You have to do this for every single consumer debt you have, be it a credit card, line of credit, overdraft protection, buy-now-pay-later plans and whatever else you have to pay off.



Step 1

Take your credit card balance, multiply by the interest rate, and divide by 12.

That's the monthly interest you're paying to carry that debt. So, if your

\$13,500 is carrying an interest rate of 18.9%, it's costing you \$212.62 a month in interest.

The calculation is as follows: $13,500 \times 18.9 \div 100 \div 12 = 212.62$

Step 2

Take the balance and divide by the number of months in which you want to be out of debt.

So, if your balance is \$13,500 and you want to

The interest adds up

be out of debt in 24 months, it'd be $\$13,500 \div 24$.

That'll give you your monthly principal repayment of \$562.50.

Step 3

Add the two together to get your monthly payment. In this example, a monthly payment of \$775.12 will allow you pay off your debt in 24 months. $\$212.62 + \$562.50 = \$775.12$.

If the payment seems to be bigger than you can manage, you have two options: You can extend the number of months for the principal repayment calculation or you can make more money.

Know that if you extend the amount of time you take to pay off the debt, you'll end up paying far more in interest. If you really want to get motivated to see what your debt is costing you, take the interest amount from Step 1, and multiply it by the number of months you're choosing to take to pay off the debt.

Assuming you take 24 months, that \$13,500 will cost a little less than $212.62 \times 24 = \$5,103$ in interest. "A little less" because interest is calculated on a declining balance. But take 36 months to pay it off and it'll cost you just under \$7,644. Yup, that's \$2,551 more in interest. How are you feeling about that second job now?

— GAIL VAZ-OXLADE'S LATEST BOOK, *Money Rules*, is published by HarperCollins and will make you say, "Really? I didn't know that!" Visit her website at gailvazoxlade.com

Here are five good reasons to study finance, aside from the money



BARBARA STEWART
Special to QMI Agency

Like many teenagers, I had no idea what I should study in university. I remember asking my dad and he recommended studying finance "because you'll get a job."

He was right but, upon reflection, I wonder if more kids would choose finance if they had a better

understanding of how this decision could affect their lives in a positive way. I fear most people imagine financial professionals as either evil money-grubbing stock brokers or boring financial analysts. It doesn't have to be that way. Here are five good reasons to study finance:

1. You can eventually fund your dream job

Many financial industry jobs are not glamorous, but they do provide a great opportunity to learn the basics of how to make money. If you choose to consider the first few years of work as investing in your future,

every day will become more meaningful. One woman I spoke with left her career in technology sales to develop a grass roots organization helping vulnerable children in Africa. She says her business background is put to good use these days as it helps her fundraise for her passion project.

2. You can start your own business

If you learn how a company works and what it takes to make a profit, you can use this knowledge and one day start your own venture. An entrepreneur told me that studying finance gave her the

confidence to build her own company around her interest in career development.

3. You can support causes that you care about

A young woman told me how after a few years working as a management consultant in the financial-services industry, she realized that the job wasn't fulfilling her desire to do something that would benefit society. Her education and work experience allowed her to qualify for a fellowship with a microfinance institute and she now helps people in emerging markets take control of their financial lives.

4. You can become an investor

A background in finance is important if you want to buy publicly traded stocks or take a position in a private company. It can be very fulfilling to find yourself in a situation where you can direct your funds into profitable enterprises or causes that matter to you.

5. The business community can be fun

Many jobs in the financial industry involve interacting with people to put together deals or promote a concept. A financial-consulting professional told me that she

feels "fortunate" to spend her days with people that she likes and admires. "For me," she says, "spending a lot of time at work is great because I go home energized."

I hope these stories have offered some food for thought as to why studying finance might be an attractive option. I will probably always envy the "coolness" of the artsy crowd, but I think there is a strong case for using finance as a means to define and create your future.

— BARBARA STEWART, CFA, is with Cumberland Private Wealth Management Inc. Visit her website at barbarastewart.ca