VantageOne
CREDIT UNION

Student & Young Adult
Information Package

Credit Cards, Scores, and Interest

About Credit Cards

With a credit card, you have a limited amount of money you can spend and when you use your card you are essentially borrowing that money. Your interest rate determines how much you will pay in interest, but cards will have an interest-free grace period so that when you get your statement you'll have time to pay it off fully without paying interest. All credit cards have different features, some offer points, insurance, mobile device protection, and other benefits. Some cards will charge annual fees for you to use them, but there are usually cards that have a $0 annual fee, although they may not have as many perks.

Learn more: https://www.canada.ca/en/financial-consumer-agency/services/credit-cards/credit-card-work.html

VantageOne Credit Cards

This is the page for one of the credit cards we offer, where the minimum credit requirement is waived as long as your income is $10,000 per year or more. Your credit limit would likely be small, to begin with ($500) but as long as you ensure you make sure you pay your minimum payments on time then they would increase your limit as your credit score improves.

Learn more: https://www.collabriacreditcards.ca/affiliate_vantageone-credit-union/personal_cards/pc87/card_national-cash-back-mastercard

Your Credit Score

Your credit score is determined by many factors, but the most important are payment history and how much of your credit you are using. The longer you have credit and use it responsibly, the more your credit score will increase. Things that would lower your credit include missing payments, going over your credit limit or staying near your max credit limit, and applying for lots of credit in a short period of time.

Learn more: https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score/credit-report-score-basics.html

VantageOne CREDIT UNION

Saving & More

Budget Planner:
https://itools-ioutils.fcac-acfc.gc.ca/BP-PB/budget-planner-tool

Saving and Budgeting

Even if you don't have a solid goal right now, it's never a bad idea to put money away in case you need emergency funds or want to make a larger purchase. One concept in budgeting is the **50/30/20** rule, where you would put 5**0%** of your paycheque toward necessities (rent/groceries/transport/minimum debt payments etc.), **30%** of your paycheque would go to wants (take-out, hobbies, activities, accessories etc.), and then **20%** into savings for emergency funds, savings or retirement.

Setting up automatic transfers to different savings accounts is a great way to save for various things because it's easy to set up and then less work to manage and you don't have to remember to transfer money manually.

The CRA's budgeting tool is great because it lets you select a lot of different options to really help you plan and see how much money you'd have left over after spending what you want. Click the link above or scan the QR code to learn more.

RRSP's and TFSA's are great to start out with early, but have different benefits!

RRSPs

You can contribute money to your RRSP (registered retirement savings plan) and can deduct any contributed money against your taxes. This is great if you're working full time and find that you're paying taxes when you file your income tax. You can also use funds in your RRSP for a downpayment on a house and pay that back over 15 years.

If your workplace offers to deduct from your paycheque for RRSP's and will match it, that's definitely recommended as it's essentially free money for you! Many workplaces offer this, as an example you could have 5% deducted from your paycheque and they'll match that 5% so if you get paid $800 in a paycheque you'd have $40 taken off but you'd end up with $80 in that RRSP, which adds up quickly over time!

The one thing with RRSPs is that they are designed for retirement, so ideally you would leave the money in there until you retire and need to withdraw from it. This means that while you take advantage of deducting your contributions from your tax, it counts as taxable income when you withdraw the funds.

TFSAs

A Tax-Free Savings Account is an account where you can save money in and any interest you gain is tax-free. If you have money in a non-registered savings account then you would have to claim interest on those savings on your income tax, but the tax-free savings account is a handy way to earn that interest tax-free.

The idea of a TFSA is to leave the money in there to gain more interest, but there are no penalties for withdrawing the funds from your TFSA. There is more of a benefit to a TFSA if you have enough money invested in it to earn over that tax threshold.

There are contribution limits on both of these types of accounts and more information is in the articles below:

RRSPs

TFSAs

RRSP - https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/rrsps-related-plans/registered-retirement-savings-plan-rrsp.html

TFSA - https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4466/tax-free-savings-account-tfsa-guide-individuals.html