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or visit your nearest branch.

Things to Know Before you Go to University or College



For what matters.

¹ CIBC Education Line of Credit applicants must meet CIBC standard credit criteria. Credit limit depends on credit position.

² Source: 2002 Education, Skills and Learning Research by Statistics Canada.

³ Lang Research's meta-analysis of graduate surveys.

⁴ Sources: Statistics Canada and Canadian Press/Leger Marketing Credit Study 2001.

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Your **financial** guidebook

This **financial guidebook** is designed for people like you – high school students who are thinking about attending university or college.

We created this guide to give you the information you need to make **smart financial decisions** when you start college or university next year. Inside, you'll learn about school **financing options**, how **credit** works, basic **money management** and more.

We hope you find this guide useful and informative, and wish you all the best with your studies!

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All About Student Loans

Are you one of over 800,000 students who need help paying for school*?

One of the first things that comes to mind when starting university or college is how you will cover the cost. Once you've applied for bursaries, grants and scholarships and calculated your savings, you may still fall short of what you need for school. Consider the following when applying for financial aid.

There are two different types of loans for students in a financial pinch:

Government Student Loans

In Canada, the federal and provincial governments both provide student financial assistance, this is called OSAP in Ontario or BCSAP in B.C. The government calculates your assessed need based on:

- Number of children in your family.
- Province of residence and province of study.
- Parents' income.
- Your savings and investments.
- Cost of tuition and books.
- Compulsory fees such as annual admission fees required when submitting applications, student council fees, student service fees, field trip costs, examination fees, graduate thesis costs, and other amounts payable by students to the educational institution which are obligatory in connection with your course of study.

For information on how to calculate your assessed need and to apply for a government student loan, visit www.canlearn.ca

Bank Loans for Students

Many financial institutions offer special loans for students with competitive **interest rates** and personalized repayment terms. These are better known as **student lines of credit**.

For more informaton, talk to your bank.

Interest Rate: The interest rate is the amount charged by a lender to a borrower in order for the borrower to **obtain** a loan. This is usually expressed as a percentage of the total amount loaned.

Principal: The principal is the amount you borrow; it does not include **interest** or any fees. It is the base amount of your credit or loan.

* Source: 2002 Education, Skills and Learning Research by Statistics Canada.

	Government Student Loan	Bank Student Line of Credit/Loan
What's the Same	<ul style="list-style-type: none"> • Government student loans are intended to cover your basic needs only and may not cover all your costs. You are expected to contribute towards your education. • You must inform the government each year that you are still a student. • Within 6 months of graduating, you must start repaying the principal with interest (varies by province). • Pre-authorized payment plans are available so your loan payments are withdrawn directly from your bank account each month. 	<ul style="list-style-type: none"> • Bank student lines of credit/loans are intended to supplement your savings and may not cover all your out-of-pocket school expenses. • You must inform the bank when you graduate. • After graduation you have 6–12 months to start repaying the principal. • Pre-authorized payment plans are available so your loan payments are withdrawn directly from your bank account each month.
What's Different	<ul style="list-style-type: none"> • Government student loans provide up to 60% of your assessed need. • The size of government student loans varies among students based on the assessed need. • Available to students enrolled in at least 60% of a full course load. • Government student loans do not charge interest while you are in school so you don't make payments until you graduate. 	<ul style="list-style-type: none"> • You can receive as much as \$40,000 over 4 years from a financial institution (more funds are available for certain disciplines like Medicine). • The eligibility restrictions for these loans are not based on assessed need. • In most cases, someone else will be required to guarantee your loan. • Available to full- or part-time students. • While you're in school, you make interest payments only on the amount you have borrowed but you can make payments on the principal at any time. • You can make a payment towards your loan at any time. This can help you get a head start on future repayments and establish a good credit rating.

Government Student Loan Checklist	Bank Student Line of Credit/Loan Checklist
<input type="checkbox"/> How much money do you need for school? <ul style="list-style-type: none"> This is an important calculation as it may weigh into your decision to move away for school or stay close to home. Visit the Student Loan Estimator at http://www.canlearn.ca/financing/planner/cost_calculator.html to calculate your total student loan requirement and the amount you could receive from the Canada Student Loan Program. 	<input type="checkbox"/> If you don't qualify for a government student loan or still need more money, your next step may be a bank student line of credit/loan. <ul style="list-style-type: none"> Calculate how much money you still need for school. Visit www.canlearn.ca for help in estimating costs and loan requirements.
<input type="checkbox"/> Are you eligible for a government student loan? <ul style="list-style-type: none"> You are a Canadian citizen or permanent resident. You are enrolled or planning to enroll in a publicly funded university or college or a designated private institute. You are in financial need (each provincial loan program assesses need independently). You are taking a program that is 12 or more weeks in length. You have a satisfactory credit report. 	<input type="checkbox"/> Are you eligible for a bank student line of credit/loan? Some banks require that: <ul style="list-style-type: none"> You are enrolled or planning to enroll in a publicly funded university or college. You have a satisfactory credit report. You have 3 years of recent, full-time work or you have an acceptable guarantor.
<input type="checkbox"/> Have you obtained a copy of the application form? <ul style="list-style-type: none"> Visit www.canlearn.ca for a link to the provincial student loan assistance office applicable to you. 	<input type="checkbox"/> Have you obtained a copy of the application form? <ul style="list-style-type: none"> Visit your local bank for a student line of credit application. Review terms, conditions and documents needed to apply.
<input type="checkbox"/> Can you apply online? <ul style="list-style-type: none"> Thankfully, most applications are available online. It's immediate, reduces the amount of paperwork you'll have and often there is no charge/application fee. 	<input type="checkbox"/> Can you apply online? <ul style="list-style-type: none"> Some banks, but not all, offer online applications and loan approvals.
<input type="checkbox"/> Have you reviewed the application? Check that you: <ul style="list-style-type: none"> Attached the supporting documents necessary for application (proof of citizenship, proof of enrollment, scholarship info, etc). Enclosed/paid the processing fees (if applicable). Read over your application, signed and dated correctly in pen. 	<input type="checkbox"/> Have you reviewed the application? Ensure that: <ul style="list-style-type: none"> You answered the questions clearly. You attached the supporting documents necessary for application (proof of enrollment, guarantor signature, etc.). You read over your application, signed and dated correctly in pen.
<input type="checkbox"/> Have you checked the deadline to make sure everything is sent on time? <ul style="list-style-type: none"> It's a good idea to submit your application as soon as you have been accepted. 	<input type="checkbox"/> Have you been approved? <ul style="list-style-type: none"> Approvals take approximately 2 business days.

Did you know...²

- 1.6 million young Canadians aged 18–24 years attended post-secondary school in 2001/2002.
- University tuition has gone up 135% in the last 10 years.
- In 2001/2002, 26% of students had government student loans, 16% borrowed from parents and 14% used a bank line of credit.
- The median amount spent by university and college students for an academic year was \$9,740; a full-time Canadian university student forks over more than \$11,000 to get through an eight-month academic year.



- The median educational expenditure is \$3,100/year for college students and \$5,000/year for university students. This includes tuition, fees, books and supplies.
- The average student debt sits at \$19,000 after four years of study.

Guarantor: A guarantor is an individual who accepts the responsibility of paying your debts if you cannot or do not.



Did you know...²

- 44% of 18–24 year old students applied for a government student loan and of those who applied, 79% received one.
- The median post-secondary student earnings during the academic year was \$3,000.
- The median amount received each year from parents, spouses and other family members was \$2,000.
- The median amount students received each year from scholarships, bursaries and grants was \$1,600.
- 50% of parents expect their child to require a loan regardless of personal savings. However, their average savings is only \$5,000 per child.

CIBC Helps

CIBC Education Line of Credit

If you do not have a government student loan or are still in financial need despite receiving government financial assistance, you can apply for the CIBC Education Line of Credit. While you are a post-secondary student, you can receive up to \$15,000 if you're a part-time student or up to \$40,000 if you're a full-time student.¹ With the CIBC Education Line of Credit, you pay just the interest while you are in school and for 12 months after you graduate or 6 months after you leave your program. After this period, your CIBC Education Line of Credit converts to a personal term loan and you start to pay back both the interest and principal. **For more details, visit your local CIBC branch or check out www.cibc.com/studentlife**

Steps to repaying your loan

Repayment of your loan may not seem like a big deal now, but in four years' time, it will be very relevant. Here are some questions to ask when considering a government student loan or a bank student line of credit.

When do you have to start paying back the loan?

For government student loans, interest starts accumulating **as soon as you leave school**, but you do not have to start repayment for 6 months. For student lines of credit, you typically have a 6–12 month grace period before having to repay the principal but you are still required to make interest payments.

Who do you inform that you've graduated?

Within six months of completing your studies, you must contact your financial institution and/or the National Student Loan Service Center (NSLSC) to discuss your loans and set up a repayment schedule, which will be based on the amount you owe, the amount you'll be able to pay each month and the rate of interest. The NSLSC website is www.canlearn.ca/nslsc/

What options do you have if you can't make your payments?

If you are having problems repaying your government student loan, contact the NSLSC to arrange an affordable repayment amount or ask about the **interest-relief** program.

If you can't seem to make the monthly **student line of credit** repayments, contact your financial institution to discuss more comfortable terms, as it is very important to demonstrate your intention to repay.

What happens if you consistently default on your payments?

If you fail to consistently make loan repayments, your debt is turned over to a collection agency and reported to a credit bureau (more on this in the Credit Section).

How much do you have to repay?

If you're paying over a long period of time, your monthly payments will be smaller, but you can pay the loan off faster by making lump sum payments at any time. As you can see from the example below, it makes a lot of sense to pay off your loan sooner than later.

Example:

Courtney graduated with a **\$19,000** student loan debt at 5% **fixed interest**. She arranged with her bank to repay the loan within five years. Her monthly payments were \$358.53. At the five-year mark, Courtney had repaid her loan plus an additional \$2,511.80 in interest.

Jamie also graduated with a **\$19,000** student loan at 5% **fixed interest**. She arranged with her bank to pay off the loan within 10 years. Her monthly payments were \$201.51. At the 10-year mark, Jamie paid off her \$19,000 loan plus an additional \$5,181.20 in interest.

Fixed Interest: Fixed Interest refers to an interest rate that is **locked in** for a specified amount of time.

Courtney (Repayment in 5 years at 5%)

Loan Value	Monthly Payment	Total Payments	Income Needed Per Year	Interest Paid
\$19,000	\$358.53	\$21,511.80	\$43,026.60	\$2,511.80

Jamie (Repayment in 10 years at 5%)

Loan Value	Monthly Payment	Total Payments	Income Needed Per Year	Interest Paid
\$19,000	\$201.51	\$24,181.20	\$24,181.20	\$5,181.20

This estimate assumes that 10% of your gross monthly income will be devoted to repaying your student loans. To calculate loan payments, visit www.cibc.com/ca/loans/article-tools/cibc-loan-calculator.html

Did you know...²

- The average salary of a university graduate is \$34,000.
- The average salary of a college graduate is \$30,400.³
- More than 75% of all bankruptcies filed are consumer, not business.
- 67% of unmarried 20–24 year olds live at home after graduating.
- 67% of university and 70% of college undergrads are employed full time two years after graduating.
- 91% of college and university graduates are in the workforce.



Saving doesn't have to be hard.

It's never too early to start saving

Compound interest has been called the eighth wonder of the world. Whether you have \$20/month or \$200/month, it's never too early to start saving.

When you put money into a savings account, the bank pays you interest on your balance. The longer this money is held in savings, the more **compound interest** it accumulates. Compound interest can really make or break your wallet. It works for you when you save but works against you when you owe money. When you owe money, the lending company charges you interest on top of your debt, which means you owe more than the principal.

Let's look at some simple ways that compound interest can work for you.

Consider this: Simon's parents started saving \$25 per month at 3% interest (compounded annually) when Simon was only two years old. Thanks to compound interest, in 15 years his parents will have contributed \$4,500 but reap more than \$5,600. That's over \$1,000 in interest which can help pay for his first year of tuition.

Now, take a look at how compound interest can work against you.

Sean graduated with his business degree and \$19,000 in debt. After he graduated, he determined that he could afford a \$200/month repayment at 9% fixed interest. The chart below illustrates the compound interest that accumulates on Sean's debt over time.

Compound Interest: The interest earned on previously earned interest as well as on the principal.

Length of Loan	Monthly Payments	Total Paid (\$200 a month multiplied by # of years)	Total Interest Paid	Amount of Loan Left to Pay	Total Principal Paid
5 years	\$200.00	\$12,000.00	\$7,633.11	\$14,663.11	\$4,336.89
10 years	\$200.00	\$24,000.00	\$12,878.93	\$7,872.93	\$11,127.07
14 years	\$200.00	\$33,365.21	\$14,365.21	Paid	\$19,000.00

It will take Sean 14 years to pay his \$19,000 loan. In total, all payments made plus interest will cost Sean \$33,365.21. That's right: his \$19,000 loan actually cost over \$30,000!

Summer earnings can really add up

...and will be especially important once you enter university/college. Here are some tips to help you find that coveted summer job:

- Start investigating opportunities early in the year (Jan. – Mar.). Let friends, family and teachers know you are looking for summer work and what interests you.
- Ask people what they do, network and set-up informational interviews to learn more about their job/industry.
- Volunteer. It's a great way to get references and work experience.
- Update your resume and print out copies so you have it ready when asked.

Sticking to your budget

Here are a few *simple tips* to help you stick to your budget while in school:

- Pay yourself first.** Consider contributions to your savings account as a priority expense – just like paying bills.
- Discover retailers that offer **student discounts**.
- Show your **student card** at retailers and travel outlets for special discounts.
- Opt for **public transit** – you'll spend less on gas and insurance for your car.
- Shop at vintage stores, clearance centers, thrift stores or browse for items on **sale**.
- Make a list prior to shopping to **curb impulse buys**.
- Leave **credit cards** at home when shopping or out at night.

- Try to pay a bit of your bill balances **weekly** or **bi-weekly**.
- Visit coupon websites or your favourite brands online for freebies and printable **coupons**.
- Get books and magazines from the **library** or buy them used.
- Wait for movies to **rent** rather than going to the theatre.
- Sell your **unwanted** items at online auctions.
- When clubbing, sign-up for guest lists and **save** the cover charge.
- When dining, consider if you **really** need an appetizer, dessert or after dinner coffee.
- Consider hosting a **potluck themed dinner** rather than going out.

Text books aren't cheap! How can you save some dough?

- Buy and sell **used** at school; many schools have bookstores that offer sections for used books.
- Ask friends or check bulletin boards for **old books**.
- Search your local used bookstores for **99¢ novels** needed for many English classes.
- Buy used online.
- Check online auctions, you never know what you'll find.

Save the dimes, and the dollars will speak for themselves!

- Student associations are funded by **you**. If you have your own dental or medical plan, you could get up to \$150 refunded from the student association.
- Take advantage of **free events** around your school. You can usually see concerts, movies or the theatre for dirt cheap prices.
- Buy in **bulk**. Toilet paper, soap and shampoo come in large quantities that last a long time and cost **a lot less**.
- Buy **"no name"** brands.
- If you are commuting to school, **bring** your lunch rather than buying from the cafeteria or fast food outlets.
- If you are living in **residence**, find a meal plan that suits your eating habits.
- Invest in a **mini-fridge** for your residence room to keep **food** and **drinks**, which is cheaper than eating out.

Lessons learned:

- Make large lump sum payments when you can, in addition to minimum periodic payments.
- For government student loans, borrow the minimum amount you need; for bank student lines of credit, use the minimum amount you need so that you have less to repay.
- As your income increases after graduation, increase your monthly loan payments.

Investing in Your Future

If you have money to save, then you have money to invest. Here are some options for sowing your financial seeds.

Looking for a safe investment?

A **Guaranteed Investment Certificate (GIC)** is a safe investment that is great for growing your school savings and learning about the world of investing.

GICs are essentially a savings vehicle that you commit your money to for a period of time (from 30 days up to seven years) with an interest rate set at the time of purchase.

GICs come with a wide range of options:

- Some permit you to cash out early if you need to access your money.
- Some have interest rates that rise over time.
- Others may have interest rates based on stock market performance (however earning interest is not guaranteed).
- Most are non-redeemable, but offer better interest rates in return for your money staying locked in.

While your money is sitting in the GIC, the bank is paying you interest to keep it there. Let's say you deposited \$1,000 at 4% interest for five years. At the end of five years, you get your \$1,000 back plus \$216.65 in interest, which is much more than your standard savings account.

\$216 may not pay for tuition but it covers a couple of new books! GICs are a good first step (and the safest way) into the world of investing.

Do your parents have an RESP?

Ask your parents if they have a **Registered Education Savings Plan (RESP)** which permits savings to grow tax-free until the student is ready to go full time to college, university, or any other eligible post-secondary educational institution.

You, your parents, grandparents, relatives and friends may put a combined total of \$4,000 a year into your RESP, and the federal government may contribute up to \$400 each year.

When you begin to use the RESP for education, the income becomes taxable, but if your other income is limited, you may pay little or no tax on the RESP income.

Willing to take on some more risk with your money?

A **mutual fund** is a pool of money managed and invested by investment experts. When you invest in a mutual fund (by buying "units", which represent an ownership share of the fund), you're really combining your money with other like-minded investors. Each mutual fund has an investment objective, which determines the types of investments the fund will hold, such as **stocks** or **bonds**.

For example, a growth mutual fund invests primarily in the stock of different companies, which is lower risk than owning shares in just one company. Why? Because some shares go up in value while others go down, so by investing in the shares of different companies (**diversification**), you are not linking your growth to just one stock. For most mutual funds, you can sell your units at any time, but the price of a unit in a mutual fund fluctuates daily depending on market conditions.

Mutual funds are a good investment for different types of investors – whether you're a conservative investor, an aggressive investor or somewhere in between. You can start investing in mutual funds with as little as \$25 a month.

For more information on GICs, RESPs or mutual funds, visit www.cibc.com/studentlife or visit your nearest bank branch.

Stocks: A stock (also known as **equity** or a **share**) is a portion of the ownership of a corporation.

Bonds: Bonds are the opposite of bank loans. Instead of the bank loaning you money, you loan the government or corporation a sum of money for a set amount of time, at a fixed rate of interest. In return, you earn **guaranteed interest** on the money you lend.

Interest rate comparison

Interest rates can change daily, but the chart below illustrates the typical interest rates for a number of financial products (as of September 2004).

Common Interest Rates	
Bank Credit Card	Typically charges 18–20%
Bank Student Line of Credit	Typically charges Prime + 1–2%
Savings Account	Typically earns 0.1–2.25%
GIC (3 year term)	Typically earns 2.35–3.15%

Prime Rate/Prime Lending Rate: The rate of interest charged on loans by chartered banks to their most credit worthy customers.

Reading the Toronto Stock Exchange

Ever wonder what all those strange signs and numbers mean in the business section of the newspaper? You may not be interested in investing but if you are curious about how to read the stock market, check out the example below.

Canitep	CL.PR.B	1.58	28.95	28.70	28.75	-0.15	194500
Conodes	CDX		3.20	3.15	3.20	+0.20	8000
Cdnfin	CFC	.29	36.37	36.28	36.31	+0.33	7250
CG Invest	CGI	.34	10.29	9.95	10.17	+0.21	37788
Chydro	KHD		1.90	1.85	1.85	+0.05	14430
CI Bk Com	CM	1.64	55.10	54.50	54.98	+0.62	2417495
CIBC 15	CM.PR.M	1.41	26.80	26.80	26.80		900
CIBC 17	CM.PR.N	1.36	26.51	26.41	26.41	+0.10	705
CIBC 18	CM.PR.P	1.30	25.85	25.61	25.83	+0.14	21700
CIBC 19	CM.PR.R	1.24	27.00	26.70	26.25		1200
CIBC 21	CM.PR.T	1.50	27.15	27.91	27.51	+0.01	1000

Legend

1. Stock/Company Name

This is the company or business of the stock you are trading. For this example, we will be trading CIBC stocks, which is listed as **CI Bk Com**.

2. Ticker Symbol

This is an alphabetical symbol that identifies the shares being traded. You'll always see the ticker symbol on the news or on electronic boards that record the value of your stock. The CIBC ticker symbol is **CM**.

3. Dividend Per Share

This indicates the amount of profit (dividend) per share each shareholder receives quarterly. CIBC's dividend is **\$1.64**, which means if you owned 200 shares, you could make \$328 at the end of the year. Dividends are not always cash, they can come in the form of stock or other property.

Note: not all stocks issue dividends.

4. Bid/High and Ask/Low

Think of highs and lows in the same way the weather people do. The high is the highest peak shares were selling at the day before; in this case it was **\$55.10**. The low is the lowest price the shares were trading on the same day, which was **\$54.50**.

5. Last Price

This is the price the shares were at when the market closed. The day before it was **\$54.98**.

6. Change

This is the money value of change in the stock price from the previous day's closing price. CIBC's stock was up **62¢**.

7. Volume

This is the total number of shares that were traded on that day, listed in hundreds. That means you need to add "00" to the figure listed to get the actual amount. CIBC's share volume was **241,749,500** in this example.

There's no denying that banks exist to make money, but competition ensures that they are equally concerned with making you money and keeping you as satisfied as they can.

Here are some good banking tips:

- Use your own bank's ABM to avoid additional service charges. Using another bank's ABM can cost you extra fees.
- If you have to use another bank's ABM, withdraw cash for the entire week and make it last.
- Can't carry cash without spending it? Then leave it at home. Only take what you need for the day and make yourself a rule: once your cash is gone, it's gone.
- If your **ABM** card has been lost or **stolen**, report it to your bank right away so it can be deactivated and replaced.
- If your card is **lost** or **stolen**, get a new card and password. Do not use your old password.
- When creating a **password** (or PIN), don't use easy-to-guess numbers like your birth date, phone number or address.
- List all of the services included in the **monthly account fees** you pay for and shop around for the best plan or speak with your bank's customer service representative to determine the bank account package that is right for you.
- Tear up cancelled **cheques, receipts, deposit slips**, etc. before throwing them away.
- Destroy credit cards that you **don't need**.
- Review all of your **account and credit card statements** to confirm the transactions are correct.

CIBC Advantage for Youth

The CIBC Advantage for Youth provides you with a CIBC Premium Growth Account with special benefits such as higher interest, free statements and free transactions.[†] This is a true savings account with interest calculated daily and paid out monthly. Higher interest rates are paid on higher balances. This account can be opened and held by anyone 18 years of age or younger with your parent's consent.

If you're a full-time student in a post-secondary program, the **CIBC Advantage for Students** will give you a 50% discount on the CIBC Everyday™ Chequing Account. You will pay only \$1.95 per month for up to 10 transactions within the month.[†] Each additional transaction above 10 is \$0.30. Alternatively, if you maintain a monthly balance of \$1,000 in this account, your monthly fee will be waived.

Visit your local CIBC branch or www.cibc.com/studentlife for more information.

[†] Additional fees will apply on withdrawals at ABMs not displaying the CIBC name or Logo.

- When your credit card bill comes in, try to pay the **balance owing**, rather than the minimum balance due. If you **cannot** pay the balance owing, whittle down the outstanding balance by paying smaller amounts weekly or biweekly.
- Do **not** get ABM access for your savings account; you'll be tempted to spend your hard-saved funds once you run out of cash.

Managing Credit Wisely

If you don't have a credit card now, there's a good chance you will be offered one once you start university or college.

Here are a few things to think about before signing up:

- Credit cards are not free money. For student credit cards, banks charge up to 18.5% **annual interest** on purchases you make and don't pay off completely by the payment due date.

For example, imagine you charge a \$120 pair of jeans to your credit card. When the monthly bill comes you don't have any money to pay for them... so you wait. The next month you are paying off the jeans (\$120), plus the interest (\$1.82), which means your jeans have now cost you \$121.82. This really adds up over time.
- Retail credit cards generally charge higher rates.
- Credit cards are great to have for emergencies.
- Credit cards are accepted internationally – handy when travelling.
- Know your own limit and don't use more than you need.
- Many credit cards offer bonus points on card purchases which are redeemable for travel or merchandise. Points can really add up over time.
- Credit cards can also help you establish a credit rating which shows financial institutions and other lenders that you are responsible with your money.

A few things to think about after you get a card:

- To keep your credit card under control and **maintain** a good credit rating, it's important to pay off more than your minimum balance each month!
- Limit yourself to one or two credit cards.
- Keep all receipts for six months and check your monthly statement for accuracy.
- Don't pay off one card with another card. If you can't make a payment consider opening a student line of credit which charges less interest.
- Avoid cash advances* on your credit card – except for real emergencies.
- Keep your credit card number and the card issuer's emergency phone number separate from your card in the unfortunate event your card is lost or stolen.

* Cash advances (by cheque drawn on the credit card account, or by bank machine or in-branch withdrawals) bear interest from the day they are taken.

Reading your credit card statement

Credit card statements look different and can be confusing to navigate. Here's an example to explain the key points you may see on a credit card statement.



Legend

1. Statement Date

You are billed monthly for the credit you use and any accrued interest. The statement will list all the purchases you made with your credit card for a full month/reporting period. Often, the purchases itemized on your statement are from the previous month and the beginning of the current month.

2. Account Number

You should always verify your account number with your credit card number. Report any mistakes to your bank immediately.

3. Previous Balance

You can keep track of how much you spent last month and if you paid the full balance, minimum payment or an amount between these two.

4. Total Debits

What you spent during the month. Includes regular purchases, cash advances and interest.

5. Interest

Your interest rate translated into an actual money value based on your previous month's balance. In this case, 35¢ is the interest charged on the \$45 overdue from the prior month.

6. New Balance

The total amount you owe. The new balance is calculated by adding the outstanding balance from the previous month to the total debits for the current month.

7. Minimum Payment

If you can't pay the full balance, you must pay the minimum balance to avoid hurting your credit rating. It is important to understand that you will be charged interest on the full balance outstanding if you do not pay the balance off in full. In this case, the bank has set a \$60 minimum payment to be paid by the deadline. If you make the minimum payment, you will be charged interest on the balance.

8. Credit Limit

Your credit limit is a fixed amount of funds that are available to you. As you spend or pay off your bill, your available credit changes, and if you're really good at paying off your balance, the bank may extend your credit limit to a bigger number. You can also ask the bank to give you less credit if you feel you are having spending trouble.

9. Interest Rates

It's important that you understand what rate of interest your bank is charging you monthly. Interest rates may be higher for things like cash advances and knowing your rate will also help you curb your impulse to withdraw money or spend.

10. Payment Date

You are required to make at least your minimum payment by this date. Payments can be made through online banking, telephone banking, by ABM, in-branch or mail.

CIBC Classic VISA® Card for Students

Make your first credit card a CIBC Classic VISA card for students. Pay no annual fee and get an 18.5% interest rate[†], as well as discounts on Avis car rentals at participating locations. To apply for the CIBC Classic VISA Card you must be a Canadian citizen and full-time student enrolled in a recognized college or university with a minimum annual income of \$1,200. **For more information on applying, visit www.cibc.com/studentlife, call 1-800-465-CIBC (2422) or stop by your local CIBC branch.**

How does your credit rate?

A **credit rating** is a published ranking of your financial history, specifically as it relates to your ability to meet **debt** obligations. The highest rating is usually AAA, and the lowest is D. Lenders use this information to decide whether to approve a loan.

Credit rating Info

A **credit rating** gives lenders a benchmark figure to help them determine the likelihood of your ability to repay your loan.

Canada has three main credit bureaus where you can access your credit rating: Trans Union, Equifax and Northern Credit Bureaus. You are legally entitled to see all the information a credit bureau has about you, charges may apply.

What affects your credit rating?

Being late on your electric bill once is nothing to lose sleep about, provided you pay **within 30 days** after the due date.

* VISA Int./CIBC Lic. user.

† This is the current rate as of October 2004. The rate will change with at least 30 days prior notice.

If being late on your bill payments is a consistent problem, however, you may find your reputation (in other words, your “credit history”) standing in your way when you apply for a cell phone, car loan or mortgage.

What is in your credit report?

Your **credit report** includes a listing of your outstanding debts, including credit cards, student loans, car loan and all other loans you owe.

In addition, the report will provide your **payment history** with respect to each of these debts. Have you made your payments on time? Consistently? Sporadically? Are you in default on your student loans or other loans?

While lenders do not expect perfect credit, too many payments **30 or 60 days overdue** in the last couple of years can affect your ability to obtain further loans.

What shouldn't be in your credit report?

- Missed or late rent payments
- Information about ethnicity, colour or religion
- Criminal charges that didn't result in convictions
- Credit info older than six years (except bankruptcy)
- Health information

What affects your score?

Each time you approach a lender to obtain a loan, your credit history is reviewed, and that review goes on your **credit report** – regardless of whether or not you received the loan. If a prospective lender sees an extensive history of these “credit inquiries” on your report, that's likely to send up a red flag and hurt your chances for approval. Other factors that impact your score include:

- How much you are paying on your accounts
- How much you owe
- How long you've had the account
- How much credit you use compared to what's available to you

How do you fix a bad credit rating?

If for any reason you're denied a loan based on your credit rating, don't despair. **You can improve your score.** The first step is to seek the guidance of a credit counsellor who can help guide you through the process of restoring your credit standing. Many of these organizations are non-profit and will charge you little or even nothing for their services. You can take actions to improve your record by:

- Not cancelling your credit cards, **but not using them**
- Paying your bills on time each month
- Making the minimum balance payment on time
- Keeping at it: the more good payments you make the more your credit will improve



Did you know...²

- Canadians have more credit and debit cards per capita than do residents of any other country.
- A bad credit rating will affect you for seven years.
- 40% of credit card holders don't know how much interest they pay⁴.

Scholarships

If there's only one thing you need to know about scholarships and bursaries, it's that you should apply.

Scholarships are donations given to students pursuing post-secondary education. In other words, it's free money – as long as you meet the criteria. The criteria can include academic marks, leadership, extracurricular involvement, volunteer work, other awards and participation in sports.

Bursaries are usually smaller cash donations given to students who require financial help to attend school. The amounts may be determined on the extent of need and do not need to be repaid.

Canada has over 60,000 awards based on need or merit: ranging from \$100 – \$50,000.

Many students who apply for a government loan are considered for **The Canadian Millennium Scholarship Fund**, a government-sponsored program designed for students in financial need. However, the awards are limited, so it's a good idea to investigate other sources. **For more information, visit www.millenniumscholarships.ca**

Where to start?

Make a list of your experiences, attributes and activities:

- Do you volunteer?
- What are your hobbies and interests?
- Have you been on student council or other committees?
- Play any sports?
- Win any awards?

Make a list of who you know and what they are associated with:

- Parents – do their jobs, unions or social clubs offer scholarships?
- Grandparents – have any served in the Canadian military?
- Family members – does anyone belong to any special interest groups?
- Your high school – are there any awards for students from your school?
- Your place of worship – are there any youth awards offered?
- Your place of employment or co-op placement – are there any grants?
- Local sports teams – does the sports association offer awards for outstanding athletes?
- Banks and corporations – does your bank offer any scholarships for students?
- Municipal, provincial and federal government – did you apply for the many government awards available?

How do you apply?

There are two main ways to apply for scholarships or bursaries: through high school guidance counsellors or online at scholarship websites.

When to apply?

Once you've found a potential scholarship, start working on the application right away. Some scholarships have deadlines as early as the middle of October.

What to prepare?

Each scholarship you apply for will have unique requirements, but many applications may require you to provide:

- An official transcript or proof of acceptance/enrollment
- A letter of reference
- Short essays on various topics
- Personality profiles
- Portfolio work
- Audition tapes
- A nomination from a teacher, employer, etc.

CIBC Helps

CIBC Youthvision™

CIBC is committed to helping young people prepare for their future. Through CIBC Youthvision we fund education, mentoring and skills development initiatives to help young people reach their full potential. Corporate donations to universities and colleges are often aligned to scholarships and bursaries. Through the CIBC Youthvision Scholarship Program, 30 scholarships valued at up to \$34,000 each are awarded annually to grade 10 students in mentoring programs with Big Brothers Big Sisters of Canada and YMCA Canada. CIBC's commitment to this program is \$5 million. In addition, CIBC provides \$100,000 annually to the National Aboriginal Achievement Foundation for scholarships for Aboriginal youth.

Visit www.cibc.com/youthvision for more information.

Scholarship websites

The scholarships that reach counsellors' desks are usually from universities, corporations and charities. It's a good idea to check with the university/college you are applying to as they often offer entrance scholarships. For national scholarships, it's probably best to check one of the websites listed below:

Scholarships Canada

www.scholarshipscanada.com

This site has information about more than 7,500 entrance scholarships alone and that's just for first-year students.

Schoolfinder

www.schoolfinder.com

This site requires users to become members so they can create their own profile to match some of the thousands of scholarships listed on the site.

Student Awards

www.studentawards.com

This site allows you to find scholarships specific to each school or program.

Association of Universities and Colleges Canada

www.aucc.ca

This organization administers private and public scholarship programs.

Great resource sites

Career Currents

www.cdn.careercurrents.com

- Career Currents profiles hundreds of careers.
- Cool tools, like the career assessment and the free e-zine, help you make smart, informed decisions about your professional future.

HRDC Job Bank

www.jobbank.gc.ca

- The Job Bank allows users to search for hundreds of job opportunities.
- This site is updated daily.
- You can search in specific geographical zones.

What can I do with a Major in...?

www.uncwil.edu/stuaff/career/majors

- Great for connecting college and university majors with real world careers.
- This site lists hundreds of career options and even explains the reason why certain jobs are suited for selected majors.

Monster®

www.monster.ca

- Connect with employers using one of Canada's top job search portals.
- Search for national and international job positions by posting your resume online.
- Monster also delivers new job postings right to your inbox.

Test your knowledge

1. You can make **principal** payments on a **bank student line of credit** at any time.
 True False
2. With **compound interest**, you earn interest on the principal and any previously earned interest.
 True False
3. Your **RESP savings** are **taxable** before you go to college or university.
 True False
4. What interest rate is your credit card likely charging you **per year**?
 5% 28% 18.5% 11%
5. Each time you apply for a department store credit card, cell phone or loan it is recorded on your **credit report**.
 True False
6. Someone who **guarantees** a loan or credit card does not have to pay your debt if you can't.
 True False

Answers: true, true, false, 18% (rates vary by card but 18.5% is standard), true, false

