



CREDIT CARDS: AN OWNER'S MANUAL



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Almost everything we use comes with an owner’s manual, and we at Visa thought that credit cards should come with one too. We’ve developed this Credit Card Owner’s Manual to guide you through some of the best ways, in general, to use credit cards, and to help ensure they work to enhance your financial well being.

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WEEKLY MONTHLY QUARTERLY/YEARLY

CLOTHES

Purchases _____
 Cleaning/Laundry _____

PERSONAL

Haircuts _____
 Cosmetics _____
 Other _____

ENTERTAINMENT

Dining out _____
 Cable/videos/movies _____
 Magazines/newspapers _____
 Vacations* _____

EDUCATION

Tuition/fees* _____
 School supplies _____
 Books _____

SAVINGS

Savings account _____
 RRSP/ Company savings plan _____
 Taxes _____
 Other _____

FAMILY NEEDS

Life insurance* _____
 Child care _____
 Child support _____
 Pets _____
 Allowance/gifts _____

MISCELLANEOUS

Donations _____
 Membership dues* _____
 Taxes (not already withheld) * _____
 Other _____

CREDIT PAYMENTS

Credit cards _____
 Department store _____
 Gasoline cards _____
 Student loans _____
 Other _____

TOTAL EXPENSES

* These expenses may occur on an irregular basis; funds should be set aside on a weekly or monthly basis to meet them.

BUDGET WORKSHEET

INCOME

	WEEKLY	MONTHLY	QUARTERLY/YEARLY
Pension			
Rental			
Pay cheques			
Gratuities			
Dividends/interest			
RRSP/CPPI/RRIF			
Child support/alimony			
Gifts			
Other			

TOTAL INCOME

EXPENSES

	WEEKLY	MONTHLY	QUARTERLY/YEARLY
SHELTER			
Mortgage or rent			
Utilities			
Property taxes*			
Telephone			
Insurance*			
Furnishings*			
Maintenance*			
Association/Condo Fees			

TRANSPORTATION

Car payment/Lease(s)			
Insurance*			
License/registration*			
Maintenance			
Repairs*			
Gasoline			
Parking/taxi/bus			

FOOD

Groceries			
Lunches/snacks			

HEALTH

Insurance*			
Doctor(s) *			
Dentist*			
Prescription drugs			



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CREDIT CARDS: AN OWNER'S MANUAL

Owning a credit card gives you added freedom, and added responsibilities. Whether you're a long-time credit card user, or a new credit card owner, this booklet will give you some important tips on how to use your credit card wisely.

Canadians enjoy the convenience and flexibility credit cards provide. The average Canadian carries 2.6 credit cards in their wallet, including bank-issued credit cards, retail cards, and gas cards. Canadians clearly understand the advantages of owning a credit card.

This guide will explain the many benefits of having a credit card, ways to manage your credit card, its uses, and the rights and privileges, you, as a cardholder, receive.

This Owner's Manual addresses credit cards in general terms. However, terms and conditions can vary from provider to provider. Be sure to read your credit cardholder agreement carefully.

WHAT BENEFITS DO CREDIT CARDS PROVIDE?

Reliable

Credit cards, such as your VISA® card, are your ticket to financial flexibility. Credit cards can act as an **instant loan**, which you can access at millions of locations worldwide, giving you the freedom to purchase what you need, when you need it. They also act as a **financial management tool**, allowing you to track your purchases, and spending behaviour.

Credit cards can provide a **safety net**, giving you peace of mind knowing that if you need to access funds in an emergency, you can. In fact, research shows that being able to handle an emergency situation is one of the most important reasons Canadians choose to carry credit cards. For example, if your car breaks down, and you need to call for a tow truck, you have peace of mind knowing your credit card is available, up to your credit limit, to pay for the emergency service.

Secure

Under the **Visa Zero Cardholder Liability Program**, if your card is lost, stolen, or your card number is used fraudulently, you will not be liable for unauthorized use, provided that you can establish, to the satisfaction of your financial institution, that you did not make the purchase. The Zero Cardholder Liability Program does not apply to ATM transactions or commercial cards. Remember, if your card is lost or stolen, report it promptly to your credit card provider.

Nova Scotia

Credit Counselling Services of Atlantic Canada
(Halifax office)
Suite 509
6080 Young Street
Halifax, NS B3K 5L2
Phone: (902) 423-3236
Fax: (902) 423-9830

Manitoba

Community Financial Counselling Services
Room 203 – 290 Vaughn St.
Winnipeg, MB R3B 2N8
Telephone: (204) 989-1900
Toll Free: (888) 573-2383
Fax: (204) 989-1908

Prince Edward Island

Credit Counselling Services of PEI
166 Fitzroy Street
Charlottetown PEI C1A 1S1
Toll Free: 1-866-902-892-2441
Fax: (902) 368-2715
E-mail: credithelp@pei.eastlink.ca

Ontario

Written Inquiries to: The Ontario Association of
Credit Counselling Agencies
P.O. Box 189
Grimsby, ON L3M 4G5
Telephone inquiries to:
Credit Counselling Services
Telephone: (905) 945-5644
Toll Free: (888) 7-in-debt
Fax: (905) 945-4680

Yukon Territory

For referral call: Consumer Services Department of Justice
2130 Second Avenue, Box 2703
Whitehorse, Yukon Y1A 2C6
Telephone: (867) 667-3033
Toll Free (in Yukon): (800) 661-0408 Local 3033
Fax: (867) 667-6277
E-mail: consumer@gov.yk.ca

Newfoundland and Labrador

Personal Credit Counselling Service of
Newfoundland and Labrador
22 Queen's Road
St. John's, NF A1C 2A5
Telephone: (709) 753-5812
Fax: (709) 753-3390

Credit Counselling Agencies

There are a number of credit counselling agencies which can provide information on numerous financial and consumer topics. Please find below a listing of some non-profit credit counselling agencies available for assistance.

British Columbia

Credit Counselling Society of British Columbia
330 – 435 Columbia St.
New Westminster, BC V3L5N8
Telephone: (604) 527-8999
Toll Free: (888) 527-8999
Fax: (604) 527-8008

Quebec

Fédération nationale des associations de consommateurs du Québec
1215 Visitation St., bureau 100
Montréal, Québec H2L 3B5
Téléphone : (514) 521-8116
Fax : (514) 521-0736
E-mail : fnaccq@accnet.net

Alberta

Credit Counselling Service of Alberta
Sunrise Square, Suite 225
602 – 11th Ave. S.W.
Calgary, AB T2R 1J8
Telephone: (403) 265-2201
Toll Free: (888) 294-0076

New Brunswick

Credit Counselling Services of Atlantic Canada, Inc.
Harbour Building
703 – 133 Prince William St.
Saint John, NB E2L 2B6
Telephone: (506) 652-1613
Toll Free: (800) 753-2227
E-mail: ccsinfo@ccsac.com

Saskatchewan

The Office of the Rentasman, Province Mediation Board
Debt Management – Department of Justice
2151 Scarth Street, Suite 120
Regina, SK S4N 3V7
Telephone: (306) 787-5387
Toll Free: (888) 215-2222
Fax: (306) 787-5574

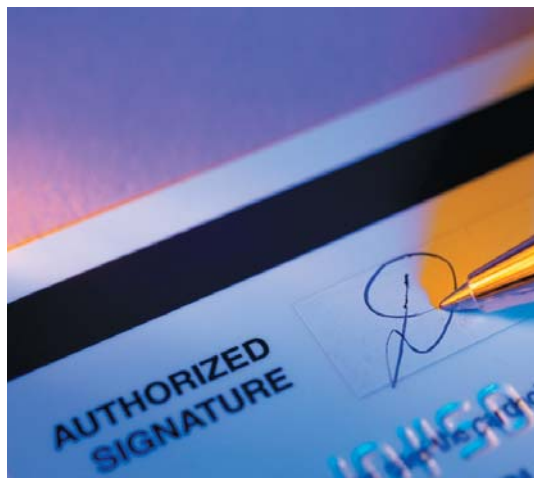
Flexible

There's a credit card to suit every need, and in Canada you have a variety of cards to choose from; from cards with lower interest rates, to those that offer no annual fees, to those with loyalty programs. Do your research, determine which card has the right features for you, and is best suited to your needs.

HOW DOES A CREDIT CARD WORK?

When you use your credit card to buy something, the financial institution that issued the card essentially makes a loan to you for the amount of the purchase.

There are many different ways you can use your credit card: you can use it like money as a payment tool, you can use it to get a cash advance, and you can use it to guarantee a hotel reservation.



Credit cards provide a wide variety of services, and have become an indispensable tool used in our everyday lives. At the same time, we all need to be aware of the restrictions and conditions that come with owning and using credit cards.

Payment

When you make a purchase on your credit card, there are usually two options on how to pay. You can pay the balance in full, on or before the due date, in which case you will not be charged any interest. Most credit card providers allow for such a **grace period** for new purchases, if there is no existing balance. However, keep in mind that there may not be a grace period, and that the grace period does not apply to cash advances taken on credit cards.

A second option is to pay off the balance on your credit card slowly, subject to a **minimum payment**, in which case you will be charged interest. Generally, interest is charged from the date of purchase, and will accrue until the date that purchase is paid in full. The minimum payment is the minimum dollar amount you have to pay per month to the financial institution. Month to month, the quicker you pay off the balance, the less interest you pay.

More detail about interest is contained in the next section of this manual.

Fees

Some credit card providers charge an annual fee, while other providers offer cards with no annual fee. The fee, or lack thereof, usually depends on the types of features that come with the credit card. The cost of owning a credit card depends on many factors – which can vary from one product to another. Ensure you shop around for the credit card that is right for your needs.

Be a smart consumer. Read the terms and conditions of your credit card agreement. If there is anything you don't understand, call your financial institution for further clarification.

HOW DOES INTEREST WORK?

Credit cards provide a valuable service because they extend credit to millions of people with incredibly flexible repayment terms.

While credit card issuers pay retailers within two or three days of the purchase, cardholders are not billed for their purchases until up to 30 days later. In most cases, credit card issuers do not charge interest on new balances paid in full within 21 days. In fact, every year, VISA cardholders collectively get tens of billions of dollars in interest-free loans.

For those cardholders who use their credit card as a revolving loan, it is important to understand interest rates.

The interest rate measures as a percentage, one of the costs you incur yearly to use your credit card and revolve your balance, based on when purchases and payments were made on your account.

The interest rate is determined by the financial institution which issued your credit card and is disclosed to you in the disclosure material you receive when you first receive your credit card. Thereafter, you will receive prior notice of any changes in the applicable interest rate from your financial institution.



Credit Reports

Credit ratings impact many aspects of our lives, from renting an apartment, to buying a home to applying for a credit card. A good credit rating will give you access to all these activities, while a bad credit rating may prevent you from accessing them. It is very important to keep a good credit rating and to keep track of what is on your credit report. It is also a good idea to get a copy, and check the accuracy, of your credit report once year. To obtain a copy of your credit report, call one of the following credit bureaus:

Equifax

Equifax Canada Inc.
Consumer Relations Department
Box 190 Jean Talon Station
Montreal, Quebec
H1S 2Z2
Telephone: (514) 493-2314
Toll Free: (800) 465-7166
Fax: (514) 355-8502
E-mail: consumer.relations@equifax.com
Web: www.equifax.ca

Trans Union Canada

For residents of all provinces, except Quebec:

Trans Union Canada

Consumer Relations Centre
P.O. Box 338, LCD 1
Hamilton, ON L8L 7W2
Telephone: (905) 525-0262
Toll Free: (866) 525-0262

For residents of Quebec:

Trans Union (Echo Group)
1600 Henri Bourassa Boul Ouest, Suite 200
Montreal, PQ H3M 3E2
Telephone: (514) 335-0374
Toll Free: (877) 713-3393
Web: www.tuc.ca

Preparing a realistic budget

Preparing a budget is not difficult to do; it just takes a little time and some common sense. Here are some simple steps you can take to prepare your own budget:

1. List your monthly costs of living in a column (food, lodging, clothing, medical, transportation, entertainment, etc.). These are your expenses. Add up your expenses and compare the expenses with your after tax income.
2. Figure out how much you want to put into a savings account.
3. What's left over is available for other uses, including paying off debt.

See the sample budget worksheet at the back of this manual.

Using your common sense

Before accepting a new credit card, make sure you can afford to use it. Credit cards should enhance your personal financial management, not burden it.

SUMMARY

A credit card is a financial tool that offers many benefits. However, it is important to remember that owning a credit card comes with responsibilities as well as privileges. When used improperly, credit can get you in trouble. When used intelligently, credit is secure, reliable and convenient.

Now that you have read the information on how to use your credit card wisely, we hope that you will use your credit card to help enhance your financial well being.

Be a smart consumer. Read the terms and conditions of your credit card agreement. If there is anything you don't understand, call your financial institution for further clarification.

RESOURCES

From reporting a lost or stolen VISA card to finding a credit counselling agency in your area, this section will provide you with the resources you need.

Lost or stolen VISA card

If you discover that your VISA card has been lost or stolen, contact the financial institution that issued your VISA card immediately. If you don't have their number, contact the Visa International Global Customer Assistance Service, toll free, 24 hours a day at **(800) 847-2911**, or if you're outside Canada, call **(410) 581-9994**, or **(410) 581-3836**, collect.

Charges on your credit card can be viewed as unsecured loans, where the financial institution does not require the cardholder to back the loan up with something of value, such as property owned by the cardholder. In exchange for an unsecured loan, financial institutions charge interest on unpaid balances, which help to cover the numerous costs associated with running a credit card programme.

WHAT IF I GET INTO TROUBLE?

At some point in life, many people get into a financial bind. The key is realizing when you're in trouble and understanding that you can get help.

Realizing that you're in trouble is the first step in resolving the problem. The following are some signs that you may be in financial trouble. Do you:

- Pay for your daily expenses out of your savings account?
- Use credit card cash advances to pay for daily expenses or to pay off other creditors?
- Work overtime or take extra jobs to keep up with your spending?
- Pay your bills late?
- Receive calls or letters from creditors about overdue bills?

If you answered 'yes' to any of these questions, you may be in trouble.

Allowing credit accounts to become delinquent or, even worse, turning to bankruptcy as a way out of a dilemma, dangerously damages both your credit rating and your financial future. A bad credit rating can negatively affect your ability to rent an apartment, buy a car or a house, or even get a job. Many people who find themselves in a financial crisis say they never really understood the consequences of their actions.

So, don't let your debt get out of hand. But, if you think you're heading for trouble, don't wait. Call your financial institution and tell them that you're having some temporary difficulty and need their help in arranging a revised payment schedule. They are on your side and understand that occasional credit problems can happen to anybody.

HOW DO I PROTECT MY CARD?

A few minutes taken now to ensure the safety of your credit card can save hours of frustration later. It takes just a little time and effort to manage your credit card and protect it from unauthorized use.

Credit card providers have spent a lot of time and effort, and have invested a great deal of money to ensure your credit card is safe from criminal activity. However, in spite of all the safeguards built into the system, fraud still occurs. Criminals can access your information in many ways, including physically stealing your credit card, stealing your credit card information by looking through your receipts, or stealing information imbedded in the magnetic stripe of your credit card.



Remember, although the Visa Zero Cardholder Liability Program can help protect you from unauthorized transactions made on your VISA card, having your credit card information stolen is an unnecessary frustration.

To protect yourself, here are some ways you can help ensure your credit card information is safe:

- Save your receipts and check them against your monthly statement;
- Do not give personal information when you use your credit card;
- Report a lost or stolen credit card to your financial institution immediately; and
- Keep an eye on your credit card while it is being swiped.

Visa and its Member financial institutions are continually developing new technologies to ensure the safety of your personal information. You need to play your part by keeping your credit card information safe.

WHAT RULES AND RIGHTS COME WITH OWNING A CREDIT CARD?

Even though it may sound technical, it is important to read and understand credit card rules and regulations.

Under federal and provincial law, credit card providers must provide certain information regarding your rights and obligations at the time they issue you a credit card. Make sure you understand these rights, and if you have any questions, ask the financial institution that issued your card.

Credit card issuers are required by legislation like the Federal Bank Act and provincial consumer protection statutes to disclose the terms and costs of the card, including the credit limit, the interest rate, annual fees, the grace period, if any, and any additional fees.

If you have questions or a complaint regarding your credit card account, you should contact the financial institution that issued your card. If you can't resolve your complaint after following your financial institution's procedures, you may communicate your complaint to:

Financial Consumer Agency of Canada

427 Laurier Avenue West, 6th floor
Ottawa, Ontario K1R 1B9
Telephone: 1-866-461-3222
E-mail to: info@fcac-acfc.gc.ca

Once you have established credit and have understood all the rules and regulations associated with your credit cards, it is important to keep track of your credit rating. You can do this by obtaining a copy of your credit report which itemizes all aspects of your personal financial status. It can include everything from your estimated income, to the balances owed on your credit cards. It also indicates whether you have a history of being late in paying your bills. You can get a copy of your credit report from the credit bureaus listed in the **Resource** section of this booklet.

FINANCIAL TIPS TO HELP YOU

Managing your credit is one of the most important lessons anyone can learn. Preparing a realistic budget along with managing credit is an important and essential part of everyone's life.