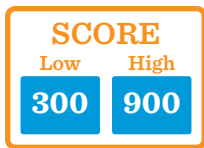




# Avoid debt drama.

*Debt is all about how you manage the money you have—that is, what you make, what you spend and what you end up with. Learning to manage your money is important because it's what gets you the things you may want in life, like your next big vacation, a new car or your very first home. Here are a few tips for managing your credit.*



## Know your score.

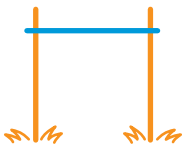
Here's the gist of it: your credit score reflects your credit history over the past six years. In Canada, it ranges from 300 to 900. The higher your score, the better. Once you start using credit, you can receive a copy of your credit report from a reputable consumer credit reporting agency such as Equifax or TransUnion. When you get your very first credit card, loan or line of credit, you'll start with no credit score, giving you a fresh slate to build your credit.

It's a good idea to check your credit score and report about once a year, to safeguard against mistakes and credit fraud. You can access these reports from [equifax.ca](https://www.equifax.ca) or [transunion.ca](https://www.transunion.ca)



## **Pay your bills on time. And pay as much as you can.**

Making a credit card payment even one day late will hurt your score. And the higher the balance of your late payment, the bigger the impact to your credit score. Our advice: try to pay as much as you can each month, and make sure it's at least the minimum payment. A smart way to make sure you never miss a payment is to set up automatic payment of your credit card bill.



## **Never go over your credit limit.**

It's easy to get caught up in charging things to your card, so if you're finding that you're close to maxing out, make sure to pay more than the minimum payment on your bill. Otherwise, the interest due could push you over your limit, which will hurt your score every month it happens. It's best to keep your balance well below the limit. As a general rule, try to spend only 35 per cent of your authorized limit.



## Keep your debt manageable.

Large balances = high monthly bills = high interest charges when not paid in full. Yikes! Best bet: avoid overspending so you can dodge those high interest rate fees.

**Bonus tip:** Use a free budgeting app like ATB TrackIt to learn where your money goes, create a budget and set goals. Learn more at [atb.com/trackit](https://atb.com/trackit)



## **Use your credit card over a long period of time.**

Like all relationships, you want this to be a great one. The better the relationship you have with your credit company, the better your credit will look overall. If you decide to close an account, get it in writing that it is closed with a zero balance.



## **Make your payments.**

No matter what, make your monthly payments. A missed payment will show up on your credit report and can really hurt your score.





## **Don't apply for too much credit.**

Leasing a new car, signing up for the latest phone and applying for a loan all in the same month is a no-no. The credit bureau sees this as a sign of financial trouble. Also, beware of being preapproved by several lenders before you're ready to buy, because this can count against your score.

## Your credit score

*You might have already heard the terms “credit bureau,” “credit rating” and “credit score.” Basically, they’re all the same thing.*

*Credit scores range from 300 to 900. A score above 600 is considered good. Anything over 750 is excellent. You can check your credit score through Equifax or TransUnion.*

*Your score is determined by five key factors:*

# 1

## **Your repayment history**

This is the biggie. Late payments, unpaid bills and future issues like foreclosures or bankruptcies will lower your score dramatically. Always make your payments on time and in full to keep your score up there.



## **How much credit you owe**

Nearing your credit limit—or worse, exceeding it—will impact your credit score (in a bad way). The more wiggle room you have, the better. Try to only charge what you can afford to pay off.



## **How long you've had your credit products**

The longer you hold a credit product like a credit card, the better relationship you have with your financial institution. And the better relationship you have with your financial institution, the better your credit rating.



## **How many times you've applied for new credit**

When you apply for credit, credit agencies interpret that you need to fill a financial need. If you are consistently applying for credit, it negatively impacts your score. So if you're thinking of applying for more credit, speak to an ATB team member first to ensure you're making the right decision and not negatively impacting your credit score.

# 5

## **Types of credit established**

There are a wide range of types of credit, including credit cards, store accounts, loans (secured and unsecured) and installment loans. Having a variety of credit not only helps establish your credit rating, but also works positively toward your credit score—if you make your payments on time. While it's important to have different types of credit one day, never open new accounts just to increase your credit mix.



## **Remember:**



Always pay your bills on time.



Pay at least the minimum  
amount required.



Stay below your credit limit.





Credit 101 – Choose wisely

# Loan or Line of Credit?

*If you're borrowing for a longer period of time, you'll want the lower interest rate that loans and lines of credit provide.*

*But which one is right for you?*

# Loan basics

A loan is a specific amount of money that you borrow and promise to pay back by a specific date in the future. To pay back your loan, you pay the same amount at regular intervals (like once a month) until the full loan and interest charges are paid off. Your interest rate can be fixed (won't change for the term of your loan) or variable (will change if ATB's prime lending rate changes).

Loans typically have terms of up to five years. For larger loans (like mortgages), after the term ends, you negotiate a new interest rate and term with a new payment plan. **Federal and provincial student loans are a bit different:** their payments aren't due until six months after graduation and can be repaid over a 10-year period.

## There are two main types of loans:

1. **Secured:** This means an asset that you own (like a house or a vehicle) is used as collateral. Examples of secured loans are mortgages and car loans. Banks consider secured loans to be less risky than unsecured ones, so they typically feature lower interest rates.

2. **Unsecured:** There is no asset used as collateral. Examples are student loans and payday loans. (**Note:** Don't get a payday loan. Ever. If you're desperate for cash, stop by an ATB branch and we'll find a way to help you out.)



### Loan pros:

- **Easy to plan for**, because you know how much your payments will be every month.
- **Fixed end date** means light at the end of the tunnel.
- **Low interest rate**—much lower than credit cards. Your rate will depend on your credit score and whether your loan is secured or unsecured.



### Loan cons:

- **Inflexible.** You can't pay less than you've committed to, and if you want to pay more, you may be charged a penalty.
- **Can't re-borrow.** Once you make a payment, you won't have access to that money again.

# Line of credit basics

A line of credit is also a specific amount of money that you borrow, but you don't have to pay it back by a specific date. You can pay back your line of credit as fast or as slowly as you want, as long as you make the minimum payment every month. When you make a payment, you can access (re-borrow) that money again. (That's why lines of credit are sometimes called revolving credit.)

Your line of credit interest rate is usually variable, which means it will change if ATB's prime lending rate changes.

## There are two main types of loans:

1. **Secured:** Like with a secured loan, an asset is used as collateral. But unlike a secured loan, you can't use an asset that loses value over time (like a vehicle). Banks consider secured lines of credit to be less risky than unsecured ones, so they typically feature lower interest rates.
2. **Unsecured:** There is no asset used as collateral. Examples are student and personal lines of credit.



### Line of credit pros:

- **Flexible.** As long as you cover your minimum payment, you can pay back as little or as much as you want anytime. When you make a payment, you can borrow that amount again.
- **Pay interest on only the amount you borrow.** So, if you have a \$5,000 line of credit but use only \$100, you pay interest on only \$100.
- **Lower interest rate than credit cards.**



### Line of credit cons:

- **Can be hard to commit to paying it off** because there is no set payment schedule. Compensate for this by watching your spending and paying down as much as you can, whenever you can.

## Finance your education with a student line of credit.

ATB offers three lines of credit for students, each tailor-made for a specific type of study. The **Students First Line of Credit** is designed for undergrad students, the **Professional Student Line of Credit** is for graduate and post-graduate students, and the **Apprenticeship Line of Credit** is for trade students. Learn more about each of these options at [atb.com/students](https://atb.com/students)

### Benefits:

- Low interest rate and flexible payment options let you pay as little as your interest payment each month—making this a great way for you to access extra cash whenever you may need it.
- Enjoy a 12-month grace period after graduation, plus up to 25 years to repay what you borrowed.

- It's linked to ATB's Students First Account, a free and convenient chequing account that has no fees, unlimited access to mobile and online banking, and some other free stuff, too.

### **A few tips to ensure your student line of credit is always A+:**

- Make sure you never miss a monthly interest payment on your line of credit: transfer the money automatically from your chequing account to your line of credit.
- Pay it down when you can. If you have spare cash, put it toward paying down the balance on your line of credit and save on interest.
- You control what you spend. It's best to stay within your means because you'll have to pay it back.

# Boost your student budget with an ATB Mastercard®.

## Benefits:

- It's a safe, convenient and potentially rewarding way to pay for both big ticket and small everyday purchases.
- Your purchases are listed on one monthly statement, which can help you track expenses and budget.
- It may offer built-in insurance options that protect you from breakage or loss on recent purchases.
- Zero Cardholder Liability protects you from fraudulent activity on your account (though you're responsible for taking reasonable measures to protect your card and PIN).



## Helpful tips to give your credit score a good grade:

- Watch what you spend so your debt doesn't pile up.
- Always make your payments on time so your credit score isn't affected. A smart way to ensure you never miss a payment is to set up automatic payment of your credit card bill.
- Credit cards may cost more than other forms of credit. If you don't pay off the entire balance every month, find a card with a low interest rate to save you money, like the Preferred Fixed-Rate Mastercard. If you pay off your balance every month, get a card that pays you cash back, like the Gold Cash Rewards Mastercard.

## Manage high interest rates

Try not to charge more on your account than you can afford to pay off each month or you'll end up paying a lot in interest fees. 19.9% is the industry's standard annual interest rate, and that's the rate on our Gold Cash Rewards Mastercard. So, avoid overspending!

# ATB Gold Cash Rewards Mastercard

## Your first step in building credit

ATB's Gold Cash Rewards Mastercard is the perfect first step in building your credit. Take a look at some of the features and benefits:

- **No annual fee.**
- **1% unlimited cash back** on all your purchases (credited to your account every January). That's money back in your pocket with no caps on what you can earn.
- **Purchase protection**, which protects your purchases from damage or theft for up to 90 days and doubles the manufacturer warranties for an additional year.
- **Basic travel assistance** for all those adventures you're sure to have!

## A sensible limit

If this is your first credit card, you should start with a lower limit, like \$500. Make your payments on time and pay at least the minimum amount, and you might get a limit increase when we review it every nine months.


## Add personality to your wallet

ATB has something no other bank in Canada has: the opportunity to express yourself through the design on your card. **Visit [atb.com/mypic](http://atb.com/mypic) and choose your favourite from over 100 images!**

## Get your Gold Cash Rewards Mastercard and start building your credit today.

If you have income (a part-time job counts) or are a post-secondary student, you can apply for your first Gold Cash Rewards Mastercard and start building your credit rating. Apply:

- Online at [atb.com/gold](http://atb.com/gold)
- By calling **1-888-282-5678**
- In person at any **ATB branch**



Use this guide as a handy tool  
for all your credit decisions, and  
know we're here to help answer  
any questions you may have.

For more financial tips,  
visit [atb.com/learnmore](https://atb.com/learnmore)