

How to lose debt weight

BY SCOTT TAYLOR ,OTTAWA SUN

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OTTAWA - An expert in personal financial planning says that even though the average Canadian continues to add debt, it's never too late to get out from under it and save for retirement.

Marc Lamontagne, a partner of Ottawa-based firm Ryan Lamontagne Inc., said success comes down to common sense, hard work and discipline.

"You need a budget and a plan. Most people don't keep a budget and don't have a plan to get out of debt. So there is some work involved to figure out where your money goes every month."

He said software packages that can be downloaded can help organize and categorize expenses, making it easy to see where the money is going.

"Work with a certified financial planner to design a plan to pay off debts and then start working on other goals, such as retirement, children's post-secondary education and perhaps even a cottage."

Lamontagne said many people tend to spend as much as they earn, often hoping to make it up the following year with a raise or bonus.

"Naturally, in these cases there is no money left over to save and that leads to increasing debts."

Rather than a revolving line of credit, he recommends arranging a more disciplined fixed-rate loan that has to be paid in full each month.

"The problem with most people, though, is when that loan is paid off, the former monthly payment just gets spent. What they should be doing as soon as the loan is paid off, is to start a new savings plan for the same monthly amount."

He also stressed that those over 40 still have time to live well as seniors. Many people that age have become serious about paying off debt and saving money.

Lamontagne said many options are available for them.

"It might be an RRSP or perhaps a spousal RRSP or, for lower-income Canadians, a TFSA (tax-free savings account)."

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