Lanaudière

**Explanatory Document**
**Debt Grid**

## Use

This grid enables you to take stock of all your debts at a given point in time.

The information it contains is used to complete the *budget forecast grid*, which determines whether the budget is in surplus or deficit.

The *debt grid* is also useful for assessing your financial health and making decisions more easily.

## How it works

This grid gives an overview of the debts you, your partner or both have to pay.

This includes ***Consumer debts*** (credit card, car loan, etc.) and ***Mortgage debts*** (loan and line of credit) for which you and/or your partner are responsible.

The essential information to be provided for each debt is:

- Total amount due (***Balance to be paid***)
- To whom (name of ***Creditor***) or why (***Type of debt***)
- Amount of payments (***Monthly payments***)

Tips for filling in the grid correctly so that it is as accurate as possible:

- Indicate the most accurate amounts by checking the latest statements.
- Knowing ***Interest rates*** helps you determine the best repayment strategy.
- Identifying the ***Signatories*** is useful if the partners in a couple do not manage all their finances together. Payment of debts is then allocated to the person responsible.
- Enter the monthly payments in the appropriate columns.
- Convert weekly or bi-weekly payments to obtain the equivalent monthly payments:
    - Amount per week to be multiplied by 52 and divided by 12 ($ X 52 ÷ 12)
    - Amount every 2 weeks to be multiplied by 26 and divided by 12 ($ X 26 ÷ 12)

Once the debts have been itemised, calculate the monthly totals (***Total per month***) by person, if applicable, and overall, for both ***Consumer debts*** and ***Mortgage debts***.

These totals should be transferred to the *budget forecast grid* in the appropriate columns:

- Enter the total monthly payments for *Consumer debts* in the *Debt payments* line at the bottom of the page.
- Enter the total monthly payments of *Mortgage debts* on the *Housing* line in the *Obligations* section.

## Assessing your financial health

Examining your debts in relation to your assets (see the grid provided) is an indicator of your financial health. Calculating your net worth is the difference between what you own (your assets) and what you owe (your debts).

- If your assets exceed your debts (positive net worth), you seem to be in good financial health.
- If your debts exceed your assets (negative net worth), you seem to need to improve your financial situation.

Paying off your debts and increasing your savings will improve your situation and bring you closer to financial independence.

**Update your grid if there is an increase in debt or full repayment of a debt.**