

Graduating into a new financial reality

Congratulations on your graduation. Welcome to the real world. It's time to pay back those loans you and your parents lined up to pay for your education. It's also time to find a job, pay for new expenses like furniture and rent, and to put money aside for bigger purchases to come like a car and maybe a home.

Post-grad financial pressures can be overwhelming, both for the grads and their parents who may still be providing financial support. The newly minted grad wants financial stability and, sooner rather than later, financial independence. Here are the key financial issues you need to address post-haste, post-grad.

Repaying student loans

During your school years, you may have different loans with different lenders that will require separate payments to each lender. These tips will help you manage them: It can seem easier to consolidate multiple student loans into one standard loan and one simple payment. But consider that convenience might cost you more in the long run because student loans often charge a lower interest rate than loans through a financial institution.

- Federal and provincial loan programs offer a grace period following completion of studies before repayment is required. For Canada student loans, you must begin repayment six months after ceasing to be a full-time student; provincial grace periods vary by province but, in some cases, are as long as a year.
- Before beginning repayment, check your eligibility for loan forgiveness and keep more money in your pocket. Make sure you apply if you are eligible.
- You will be able to claim a non-refundable federal tax credit of 15% on the interest you pay each year on your student loans. But you can't claim the credit if your loan has been combined with another kind of loan.
- Important! Your student loan repayment history becomes part of your personal credit rating. Being late or disorganized with your payment harms your credit rating.

Reach your life and financial goals by starting now, with an effective personal budget and savings plan. Even with all the competing demands on your limited income, the best strategy is to build a regular amount for savings into your monthly budget that rises as your income increases.

Good financial habits are the key to long-term financial success. A professional advisor can help you make your personal financial goals.

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