



Debt Consolidation – The wealth management gem that could save you thousands.

Throughout the Covid 19 pandemic, household debt has continued to rise throughout Canada. Canada has been the poster child for a high household income to debt ratio for years, with many economists focusing on the long-term effect of low interest rates. To compound the problem, wage cuts or job losses have left many Canadian households with a growing mountain of debt.

Although debt reduction should be approached after taking an individual's circumstances into consideration, one option that makes sense for many people is debt consolidation. The goal behind debt consolidation is to reduce high interest debt as soon as possible, often replacing it with a loan at a lower interest rate.

An example of this is broken out below:

Debt	Dollar Amount	Interest Rate	Interest Payment (Yearly)
Credit Card	\$25,000.00	20.0%	\$5,000.00
Loan	\$25,000.00	6.0 %	\$1,500.00
Home Equity Line of Credit	\$25,000.00	2.95%	\$ 737.50

The same \$25,000 of debt under 3 different structures results in vastly different interest payments. Credit card debt is one of the most accessible forms of debt and often the most harmful to your wealth picture. By replacing this with a payment from a home equity line of credit, as shown in the example above, you would save \$4,262.50 per year. These savings can be directly rolled onto the debt to help pay it off at a quicker pace.

One of the tools we use at Matco Financial is a base financial plan, which helps us to understand the personal circumstance of your wealth picture. We can then make informed recommendations on how you can set yourself up for

success by moving towards your financial goals. A base plan takes your full financial picture into view, including assets and liabilities, in order to reveal areas where you can save or debts that could be repositioned. The goal, of course, would be to make changes that would increase your total net worth over the long term.

Please reach out to our team at Matco if you have any questions with regards to your personal wealth management picture; we would be happy to help.

TOM STACHIW CIM

Portfolio Manager

Email: tstachiw@matcofinancial.ca

Local: +1-403-718-7792



Matco Financial Inc.
350, 440 – 2nd Ave SW, Calgary, Alberta
T2P 5E9

Email: info@matcofinancial.ca
Local: +1-403-539-5740
Toll-Free: +1-877-539-5743

Matco Financial is an independent, privately held discretionary investment counsellor and asset management firm that serves the needs of individual investors, institutions, advisors, trusts, corporations and not-for-profit organizations. Matco provides investment advisory services to investors on a discretionary basis through mutual funds and separately managed accounts. This communication is intended for information purposes only and does not constitute an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Matco Financial Inc. makes no representations as to the accuracy or any other aspect of information contained in other websites. All statements that look forward in time or include anything other than historical information are subject to risks and uncertainties and are not guarantees of future performance. Investors should not rely on forward looking statements. Actual results, actions or events, could differ materially from those set forth in the forward looking statements. MATCO Financial Inc. ©2020 All Rights Reserved. Document: MATC.MMI.AT.21.03.24