



RBC Royal Bank®

Debt Reduction Plan

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Advice you can bank on™

Your Debt Reduction Goal: Increase cash flow by making debt payments smaller

You've indicated that you're fairly comfortable with your financial situation. Since you have a monthly cash surplus, you may be able to reduce your payments and further improve your cash flow by making a few small changes to your budget and consolidating your debt into a single monthly payment.

Please check out the recommended tips for your monthly budget on page 4 of this report, and review the solutions below to learn more about the benefits of consolidating debt.

Your Personalized Debt Reduction Plan

Increase cash flow using an unsecured loan

To improve your monthly cash flow, consider using an unsecured instalment loan to consolidate your debt.

How it works

By consolidating your debt into an unsecured loan, all of your debts are combined into one loan at a single interest rate. This could reduce your overall interest costs and help improve your cash flow. We recommend using an instalment loan for this purpose as it ensures that you pay down your debt over a set period and minimises your interest rate. If you might have an ongoing need for credit, opening a separate unsecured line of credit may be a good idea. The revolving credit available through a line of credit can be an effective debt management tool to manage your cash flow needs if you can make regular repayments above the minimum amount.

Tips

To keep your debt repayment plan on track, we recommend choosing a fixed repayment schedule so that your loan is paid off within the shortest time frame you are comfortable with.

Look at your personal money management style then choose the credit solution that is right for you. For example, how disciplined are you with a budget? Are you good at setting money aside for things you want or need? How comfortable are you with interest rate fluctuations and repayment terms? By knowing and understanding your personal money management style, it will be easier to select a credit solution.

Other things to consider:

Be wary of "buy now, pay later" offers – the additional costs involved can be significant. Our advice would be to consider creating a savings plan so that you can afford to pay the amount owed when it comes due.

Financial Summary

Having debt isn't a bad thing. In fact, very few of us could own a car or house without borrowing money. What's important is that we borrow within our means and have the discipline to pay down debt in a timely fashion. The following pages contain debt management insights and tips we've put together based on the questionnaire you completed.

Monthly Income (from all sources)	\$ 7200
Monthly Expenses The amount you pay each month in expenses	\$ 7083
Monthly Debt Payments The amount you pay each month on your current outstanding debts (loan, credit card, line of credit)	\$ 500
Total Outstanding Debt The total balance you still owe on your current outstanding debts (excluding your mortgage)	\$ 16200
Total Current Savings (including cash and registered or non-registered savings)	\$ 29000
Surplus/Deficit (after all expenses are paid)	\$ 117

Your Budget — Monthly Income and Expenses

For your convenience, we've summarized the budget amounts you provided below.

Your Monthly Income

After-Tax Salary	\$ 3700
Your Partner/Spouse's After-Tax Salary	\$ 3500
Other Income	\$ 0
Total Income	\$ 7200

Fixed Expenses

Discretionary Expenses

Variable Expenses

Housing	\$ 1872	Personal	\$ 216	Groceries	\$ 576
Utilities	\$ 360	Daily Living	\$ 144	Household Maintenance	\$ 260
Services	\$ 400	Entertainment	\$ 425	Transportation	\$ 750
Insurance	\$ 288	Donations	\$ 0	Uninsured Health Services	\$ 216
Child Care	\$ 860	Vacation	\$ 0	Education	\$ 0
Existing Loans and Credit Lines	\$ 500	Other Discretionary Expenses	\$ 0	Long-term Savings	\$ 216
Other Fixed Expenses	\$ 0			Other Variable Expenses	\$ 0
Total Expenses – Fixed	\$ 4280	Total Expenses – Discretionary	\$ 785	Total Expenses – Variable	\$ 2018

Budget Totals

Total Income	\$ 7200
Total Expenses (Fixed, Variable and Discretionary)	\$ 7083
Cash Surplus or Deficit	\$ 117

Expenses: Tips & Recommendations

Here are some guidelines around how much income should be allotted to certain expenses, as well as some tips on how to save money.

Your monthly income exceeds your expenses, which means you already have some excess cash flow. We suggest that you review your spending in the personal, daily living, entertainment, and transportation categories to see if you can further reduce your expenses and increase your monthly cash flow.

Fixed Expenses

Services: *Should not exceed 5% of total income.* You could reduce the cost of your services by:

- Having a landline or mobile phone, but not both
- Getting all your services as a package, or from a single provider

Discretionary Expenses

Entertainment: *Should not exceed 5% of total income.* Don't eat out more than once a week and cut down on going to the cinema by renting movies or getting them through online services.

Debt Reduction Plan

RBC® offers flexible and convenient borrowing options that can help you achieve your goals. Contact us today for a solution that is customized to your personal needs.

- Visit your local RBC Royal Bank® branch and speak with a representative
- Talk to an RBC Credit Specialist at 1-800 ROYAL® 1-1

More Advice for Responsible Borrowing

- Think about your financial goals and how borrowing can help you achieve them
- Determine how much you can afford
- Choose the borrowing solution that's right for you
- Make sure you have a repayment plan
- Understand the true cost of borrowing

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- Track spending
- Automatically categorize expenses and more ...



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Personal lending products are offered by Royal Bank of Canada and are subject to credit approval.

The output of this tool is based on the accuracy and completeness of the data you have provided, is for illustrative and general information purposes only and is not intended to provide specific financial or other advice, and should not be relied upon in that regard.

Royal Bank of Canada uses reasonable efforts to include accurate and up-to-date information in this tool, but cannot guarantee that all information is accurate or complete or current at all times. You should speak with an RBC credit specialist before making a final decision on a loan to ensure it meets your overall financial needs.

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