

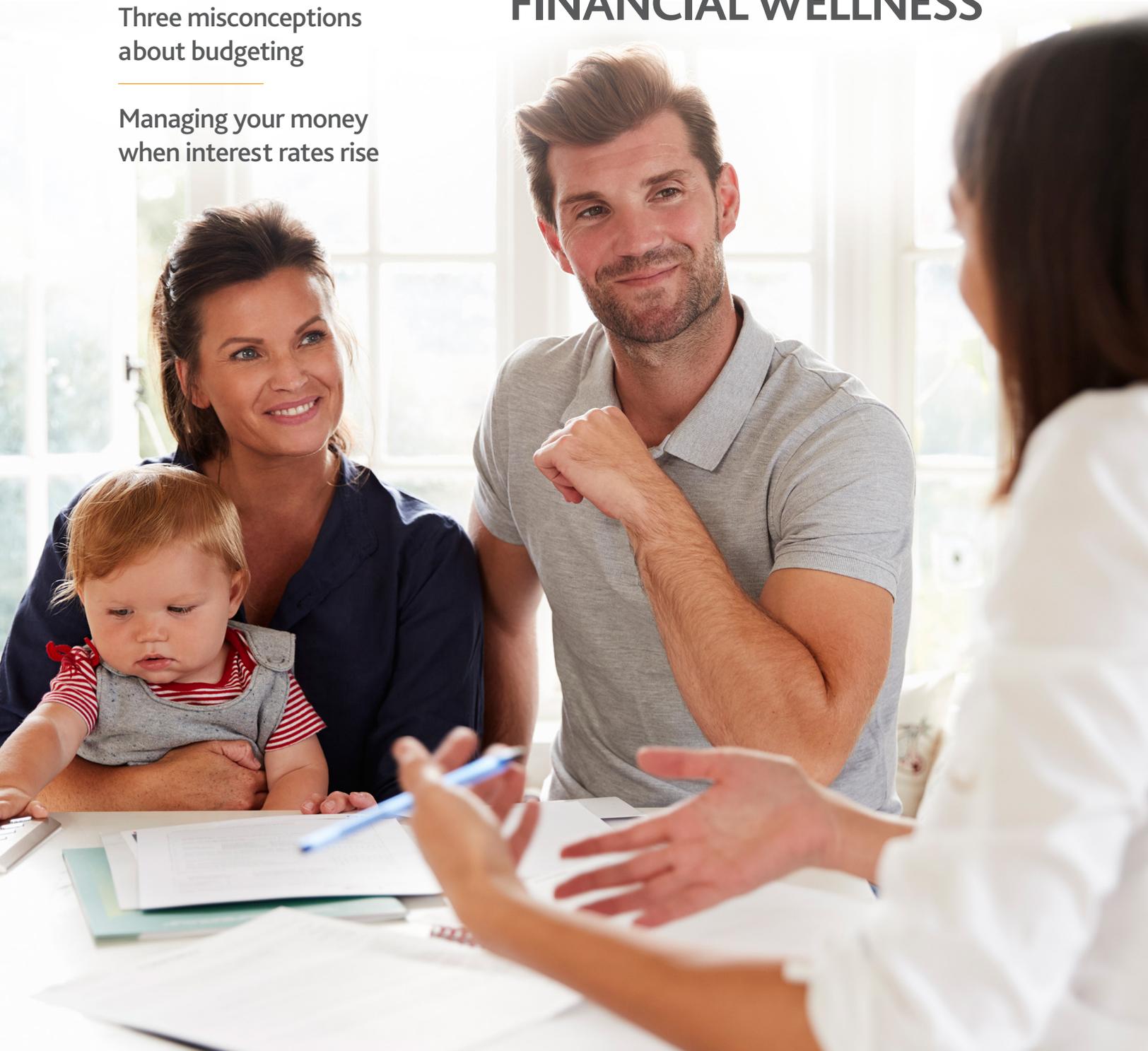
ADVICE FOR LIFE

Market outlook:
Interest rate increases &
the mortgage outlook

Three misconceptions
about budgeting

Managing your money
when interest rates rise

PLUS
**IMPROVING YOUR
FINANCIAL WELLNESS**



ADVICE FOR LIFE

TIPS, TRENDS & TALK ABOUT MONEY MATTERS AND YOU

HELLO!

Interest rate increases & the mortgage outlook

How to prepare for rising interest rates

Improving your financial wellness

and so much more



MARKET WATCH

The Bank of Canada¹ raised its key interest rate on July 12, with the increase widely expected to be the last for a while.

Given the central bank's inflation target of 1% to 3%, June's year-over-year reading of 2.8% gave hope that inflation was under control. However, inflation reversed its recent downward trend by rising 3.3% in July², suggesting interest rates may remain higher for longer to help cool the overheated economy.

Compared to June, Canadian home sales in July eased by 0.7%. "July continued along the same trend we've seen emerge in recent months, with sales levelling off and new listings returning in more normal numbers," said Larry Cerqua, Chair of CREA. "This has been giving buyers more choice and balancing the market, which as of July was also slowing the rate of price growth."³

In the labour market, June's unemployment rate rose to 5.4%, according to Statistics Canada⁴, its highest level since February 2022. Nonetheless, Canada's unemployment rate stayed below its pre-pandemic average of 5.7% (for the 12-month period ending February 2020).

1. <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

2. <https://www.bankofcanada.ca/rates/price-indexes/cpi/>

3. <https://www.crea.ca/media-hub/news/canadian-home-sales-see-little-change-from-june-to-july/>

4. <https://www150.statcan.gc.ca/n1/daily-quotidien/230707/dq230707a-eng.htm>

FACT **vs** FICTION

Here are the three most common misconceptions around budgeting. Do any of these sound familiar to you?

1. I budget by keeping track of everything I spend.

Keeping track of your spending is a start, but it's not a budget. When you only track spending, you're always looking at the past and never looking forward. Your budget is your game plan for the upcoming month.

2. I am debt-free, so I don't need to budget.

Debt-free is a great place to be. However, if you don't have any savings, you won't be able to pay the bills should an emergency arise. This can quickly put you in a negative balance if you don't have a safety net. [Read more](#)

3. Budgeting is for those who have extra money and time.

Creating a budget is for everyone. It's an easy way to maximize the efficiency of your monthly income, which can be very helpful when things are a little tight. [Read more](#)

SAVE THE DATE

Sept 14: Joint Tenancy

with Doug Carroll,
Tax & Estate Specialist, Aviso Wealth

[Register now](#)

Oct 25: Homebuyers Webinar

with Mortgage expert Jason Dorien

[Register now](#)





Tips on managing your money when interest rates rise.

Interest rate increases affect everyone a little bit differently, and will vary depending on whether you are borrowing or saving. Furthermore, rates change periodically, depending on Canada's economy and many other factors. The Bank of Canada makes decisions regarding the benchmark interest rate and has raised rates 10 times since March 2022 in the efforts to curb inflation.¹

When it comes to preparing for interest rates to rise, there are plenty of things you can do to get yourself financially ready.

1. Pay off or consolidate your high-interest debt.

With one interest rate, you are minimizing your payments, reducing the amount of interest you are paying, and giving yourself more money to put into a savings account or spend in other areas. [Read more](#)

2. Put your money into a savings account.

Open a savings account to help you reach your financial goals. Earn interest while maintaining access to your funds.

[Read more](#)

3. Renew your mortgage as soon as possible.

When you renew, consider taking a fixed-rate mortgage. By locking into a longer mortgage term, your interest rate will be protected from any changes over that period. Switch your mortgage to Alterna and save. [Read more](#)

4. Talk to your financial advisor. Check in on your investments and make sure you're protected for the upcoming market changes. Your financial advisor will be able to give you the best advice regarding this.

[Get advice](#)

5. Consider a home equity line of credit or a loan.

Opting for a home equity line of credit or loan versus a regular line of credit can help you secure a reduced rate. [Read more](#)

6. Make a balanced budget. If your budget is balanced and you can afford your current expenses, then when interest rates rise it won't be so difficult to afford any extra payments or larger monthly payments. [Read more](#)

Even though interest rates make quite a difference in your financial situation, there are plenty of things you can do to help offset the impact. Keeping a close eye on your money and paying attention to the Canadian economy is an important part of this. Making a few small changes before the high interest rates hit can have a large impact on your financial future.

Meet an **ADVISOR**



At Alterna, we care about finding the right financial solution that meets your unique needs.

We offer competitive rates, pressure-free transparent advice and caring service. Our expert financial advice is available where and when you need it, so talk to us. [Get advice](#)

¹ <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>



Getting professional financial advice is a big step towards achieving your financial goals. In fact, **80%** of investors say their advisor helped them save.² [Read more](#)

² "Canadian Investors' Perceptions of Mutual Funds and the Mutual Fund Industry," Pollara, 2019.



What if?

What are your options if you find yourself short on cash, due to recent interest rate hikes and rising food prices?

It's never a good idea to dip into your RRSP to cover everyday expenses, as it is taxed as income in the year you withdraw, and the contribution room is lost forever (Note that this is not the case if you use the First-Time Home Buyers Plan to purchase a home or the Lifelong Learning Plan to fund your education).

Other options to consider before touching your RRSP include:

1. **Line of credit:** access funds quickly and only pay interest on what you borrow with unsecured and secured options starting at \$5,000. [Read more](#)
2. **Personal loan:** a flexible loan for a major purchase like a home renovation or a car. Borrow the money you need at competitive fixed and variable rates with flexible payment options and a 1 to 5-year term. [Read more](#)
3. **Credit card:** you can consolidate and pay down your credit card balances faster when you transfer balances to an Alterna Collabria credit card at a special 3.9% interest rate for six months, with no transfer fee*. [Read more](#)

*https://www.collabriacreditcards.ca/affiliate_alterna/offers/transfer2023.aspx

Did you know?

Financial wellness is a relative measure of how well a person manages their financial life. Improving financial wellness is about practicing better money habits, setting goals and taking steps to achieve them.

Managing short-term finances.

Making small changes can also help you reach your financial goals.

- Make a budget, stick to it, and work to gradually increase your income. [Read more](#)
- **Alterna's Save the Change program** allows you to save small amounts when making purchases on your debit card. [Read more](#)
- The Alterna debit card also offers buyer protection on the purchase of most retail items for a full 120 days after purchase and also doubles the warranty period up to two years. [Read more](#)
- Save money on your monthly banking fees – do you have the right banking package to fit your needs. [Try our account selector](#)

Speaking with an expert advisor is a great way to get your short-term finances on the right track. [Get advice](#)

REAL-TIME RATES

Rates frequently change. Here's how to stay updated on our featured promotional rates on mortgages, term deposits and more.



SCAN WITH
PHONE CAMERA
TO SEE RATES!

Book an appointment today: **1.877.560.0100**
or find out more at: **alterna.ca**

The best advice starts with a conversation. Alterna expert advisors are highly qualified.

alterna
savings

The Good in Banking®