Talking About Debt

Debt is the amount of money you've borrowed and need to repay. Most people have debt at some point in their lives, and it can be stressful.

Common types of debt include:

- Credit card bills
- Car loans
- Personal loans
- Mortgages
- Cash advances

Learning how to talk about debt with people you trust can reduce stress and help you see things in a new way.

Debt is money that you borrow and agree to pay back.

Think about it

- What messages did you hear while growing up about debt?
- If you've ever had debt, how did it make you feel?
- What do you think when you hear that someone you care about has debt?

Common myths about debt

Sometimes people feel uncomfortable or worried about talking about their own debt. But debt isn't always bad, and it doesn't say anything about you as a person.

Here are 3 common myths about debt and why they're not true.

Myth 1: Borrowing money is never a good idea.

The difference between bad debt and good debt depends on what you use the money for and whether you can afford to pay it back.

Bad debt is money borrowed for things you can't afford, you don't need, and that lose value over time. Any debt you can't afford to repay can become bad debt. Another word for bad debt is unhelpful debt.

But there's also good debt, which can help you reach important goals, like going to school or buying a home. Another word for good debt is helpful debt.

Myth 2: If you borrow money, you'll ruin your credit history.

Missing payments or borrowing more money than you can afford to repay will harm your **credit history**.

But making your payments on time and only taking on debt that you can repay will help you build a good credit history. A good credit history can make it easier to get loans, credit cards, or housing.

Your **credit history** is information about who you've borrowed money from and how long you take to pay them back.

Myth 3: If you have to borrow money, you're not working hard enough.

Some people use debt as a financial tool to help reach their goals or pay for large necessary expenses. And many people experience debt that they hadn't planned for, because everyone makes mistakes, and unexpected expenses will always occur.

Debt isn't who you are. It's something you can learn how to manage.

Think about it

- Have you heard any of these myths before?
- Why do you think these myths make it hard to talk about debt?
- Have you heard any other myths about debt?

How to talk about debt

Debt is a common experience, but managing debt can be hard. Talking to a trusted friend, family member, or a professional can help.

Talking to friends and family

Trusted friends and family might be able to offer support by sharing their own experiences or offering advice.

Before you talk, here are a few tips to keep in mind.

- **Be kind to yourself.** Debt describes your financial situation. It doesn't say anything about who you are as a person.
- **Share what you're comfortable sharing.** Be honest, but only share what you want to share about your situation. Think about how much you want to share before you meet.
- **Ask for help.** Talking about debt doesn't mean you're asking for money. Explain what kind of help you're looking for, such as advice, encouragement, or just somebody to talk to.
- **Find a quiet place to talk.** If possible, choose a spot that's calm, quiet, and with few distractions.

Think about it

- If you're struggling with debt now or in the future, who can you talk to?
- If a close friend or family member is struggling with debt, what would you say to them?

Talking to a professional

A credit counsellor can help you make a plan to manage your debt. There are non-profit credit counselling agencies that will help you for free or at a low cost.

It might seem scary to speak to a professional about your debt. Here are some tips.

- **Be prepared.** Gather information about your finances and make a list of questions you'd like to ask.
- **Be honest.** The more honest and open you are about your financial situation, the easier it is for the counsellor to give you good advice.
- **Take notes.** Talking to a stranger about your money can be stressful. And when you're stressed, you might not remember everything they tell you after you leave.
- **Listen and ask questions.** If you don't understand something, say so. Ask the counsellor to repeat what they've said or for more information.
- **Think through your options.** A counsellor might suggest different options for how you can manage your debt. Make sure you understand all the options before deciding about what is best for you.

Debt can be stressful, but you're not alone. Talking to people you trust can help you manage your stress and stay in control of your debt.