

Get control of your money

Develop a monthly budget

It's easy to be stressed about your personal finances these days with talk of a troubled economy and all of the uncertainty in the financial markets. If you want to have a greater sense of control over your money and your life, then it's time to start planning for how much you need to save and how much you can spend in order to meet your financial goals. In other words, it's budget time! Here are some tips to get you started:

The first step to a budget is to keep track of where your money is going. Get yourself a small notebook for keeping track of purchases and receipts. At the end of the day you may want to put this information into a software program or spreadsheet. Remember – write down all purchases immediately after you make them. Do this every day for a month.

Use the following categories to track all expenses:

- Housing (includes mortgage/rent, taxes, repairs, insurance, and utilities)
- Transportation (includes gas, oil, repairs, insurance, parking, public transportation, and monthly car payments)
- Other expenses (includes food, insurance, prescriptions, medical, clothing, person items, etc.)
- Investments and savings (includes cash, stocks, bonds, and retirement savings)

Next, calculate your monthly income. Include your salary after deductions, commissions, child support or alimony, interest and investment income, rental income, student loan income, etc. Don't count overtime pay, tax refunds, or bonuses – instead consider these to be money you can put towards financial goals (e.g. saving for a holiday). Since this is a month-to-month budget, you may have to estimate the value of your income for a one month period. If you are going to estimate, be conservative – that way you'll have more money left over at the end of the month.

At the beginning of the month, fill in all of the upcoming fixed expenses (e.g. pre-authorized payments for rent, memberships, etc.). At the end of the month, add up your expenses for each category, and the grand total for all categories. Include any expenses that have shown up during the month that you had not recorded (e.g. bank statement transaction fees).

Once you have tracked your income and expenses for a month, you can determine if you have a positive cash flow (your income is greater than your expenses) or a negative cash flow (your income is less than your expenses). Total monthly income less total monthly expense equals cash remaining.

Financial planners recommend that you spend about 35% of income on housing, 20% on transportation, 15% on debt, 20% on other expenses, and 10% on investments and savings. Compare the percentage of your income that you spend in the four categories to these budget guidelines.

Decide if you need to make any adjustments to your spending choices.



Make a change!

If you find from the budget exercise that your cash flow is not very healthy, then perhaps it's time to take some drastic action. Here are some radical tips to help you avoid ending up in serious debt. If you need help to improve your financial health, take our e-course *Taking Control of Your Money* or call and enquire about our Plan Smart Financial Service. **Make 2009 the year you get your finances under control!**



Become a homebody

Instead of going out to movies rent DVD's, and instead of going out to eat prepare a home-cooked meal.



Cut up all your credit cards but one

Use that one to make planned purchases that you know you can pay off as soon as the bill arrives.



Buy used

There are lots of great consignment and thrift stores around (and of course garage sales, E-bay and Craigslist) where you only pay half or less than what you'd pay for a new item. Whether you're looking for clothing, sports equipment, a book to read, or a new-for-you car, you can find it used and in good shape.



Cut back on driving

Yes, it may be time to star car-pooling, taking the bus, or even riding your bicycle to work! Perhaps it's time to give up your car altogether and join a cooperative where you have access to a car when you need it without all the expenses of owning one.

Keep in touch



We want your questions, comments, and suggestions.
E-mail us at changetohealth@humansolutions.ca.

For more information, to book a counselling session, or to access any of your EFAP services our Client Services Representatives are ready to speak with you 24 hours a day, seven days a week, in English or French. All calls are completely confidential.

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