

SMART STEPS

TO LIVE LONGER

10 Tips for Healthy Finances

1. Put needs before wants. Cover basic needs first - food, shelter, and clothing. You may feel you never have enough money to satisfy your wants, but your basic needs must be met.
2. Always spend less than you earn. This is the key to financial health. Live simply, and make do with less. Try second-hand stores and bartering websites.
3. Save money for emergencies. A credit card or personal line of credit is not a good emergency plan. Money tucked away can be the difference between discomfort and disaster.
4. Develop a plan that has savings goals, manages spending, and builds wealth. The key to success is a well thought-out, well-managed plan that's flexible enough to change.
5. Keep your debt under control. Don't use credit to pay for things that you can't afford.
6. Pay yourself first. Make a habit of saving a set amount on a regular basis (weekly or monthly). Then live on the rest.
7. Keep your financial records organized and close at hand.
8. Insure your family and your belongings. A will, power of attorney, and retirement plans are important tools in a healthy financial plan.
9. Plan your money decisions carefully. Any financial decision you make should fit with your overall goals and plan.
10. Get a free copy of your credit report once a year. Check for identity theft and to make sure your report is accurate. Both Equifax Canada and TransUnion Canada can provide these.

How Healthy ARE YOUR FINANCES?

When we think about our health, we often don't think about the role that finances play in our overall well-being. Financial challenges are stressful and can have negative effects on our health. Dealing with the cause of stress is usually the best way to solve the problem.

By improving our finances, we can reduce our stress levels and in turn help to improve our overall health. Health problems associated with stress include depression, anxiety, lack of sleep, and high blood pressure.

The truth is, working toward financial health by learning how to save, managing or getting rid of debt, and sticking to a plan for the future can make a big difference in our health and in our lives.

To find out what can be done to plan for and deal with financial challenges, we spoke with Wendy Dupuis, Executive Director of the non-profit organization Financial Fitness Centre, Windsor.



Savings BASICS

1. Get rid of high interest debt first. Put the money you save into a savings account.
2. Plan to cut back slowly. Like any other lifestyle change, you will have more success if you make small, steady changes to your spending habits.
3. Change your attitude. Thinking that “you deserve it” can lead to overspending on your credit cards. Decide what is important to you.
4. Commit to living on cash. Try to use your credit card(s) or lines of credit as little as possible.
5. Save all bonuses, raises, overtime income, tax returns, and gifts of money. Put it into a savings account right away.
6. Practice being thrifty. For some things, you can save money by swapping goods or services with others and by shopping at garage sales and resale shops.
7. Save spare change. Even if you only save quarters, dimes, and nickels, they add up quickly.



Remember:

It's only savings if you save it. You may save on the price of items or cut back in other areas and consider it “savings”. But if you spend it on something else, you've missed the point.

What CAN I DO ABOUT a sudden decrease in income?

A sudden loss in family income can be life changing. Here's what you can do if you find yourself in such a situation:

- Do a complete review of your finances: list what you own, what you owe, what you earn, and your expenses. By listing what you own, you can identify what items can be sold for cash. Listing what you owe will give you an idea of what to pay first and what can wait.
- Calculate how long your savings will last if you live off of them.
- Seek help from community agencies such as the Canadian Mental Health Association or a non-profit credit counselling service.

Why IS IT IMPORTANT to get control of your debt?

When people face a loss in income they often worry about losing their home or car and will go without food and basic needs to make payments to their creditors. When you don't have enough money to pay your bills it's important to know your debt profile or how much you owe. A debt profile is a list of each debt you have and what you owe, the minimum monthly payment, and the interest rate.

You have a legal duty to pay your bills so it's important to work with your creditors before you fall behind in your payments. If you can't pay all of your bills, use the debt profile to help decide which bills must be paid first, and which ones can wait, making sure your family's basic needs are met.

your creditors counts for a lot. If you always paid your bills on time they will be more likely to work with you. Be ready to tell them why you cannot pay, your current earnings, other financial commitments you have, and your plans to pay back the money you owe. Be aware that you run the risk of having them “call the loan”.

There are other things to consider when dealing with your creditors. You may be able to reschedule your payment plan, lower or drop late fees, or pay only the interest until you can start your payments again. Whichever option you suggest, don't agree to a plan you can't carry out and be sure to stick to your plan once your creditors have agreed to it.

When looking at your debt profile, do you have any debts you can get rid of by selling an item held as a guarantee against the debt? (Caution: if the value of the item is much less than what is owed, you may still owe the difference!) Are there any other items you can sell to pay off your debt? Can you combine your debts?

Make your minimum payments.

If you can't, ask your creditors to agree to a lower payment or suspend interest until your situation improves. Work out a plan ahead of time to decide how much you can pay each creditor. Your history with

Protect your credit record.

Pay what you can and keep up-to-date as much as possible. Lowering your payments or interest rates can have a harmful effect on your credit record. You may be disqualified from usual sources of credit.



How DO I BALANCE

my income and spending?

For the short term:

Cut down on needless expenses, and use savings to live on; be careful to use the savings for basic spending only. Combine debt, ask about lower interest rates, and put off savings.

For the longer term:

Try to lower living costs such as, television, telephone, and utilities; sell some belongings, practice thrifty living; discuss lowering payments or suspending interest with your creditors. Contact your MPP's office to find out what community and government resources are available.

For lasting income loss:

Keep debt in check, keep expenses low, average your yearly income, and try to build savings when possible.



Cost CUTTING

measures

There are many easy ways to cut down on spending when faced with a lower income. Here are some suggestions to consider:

How to eat healthy on a budget:

- Don't shop when you're hungry.
- Make a grocery list and stick to it.
- Before you make your grocery list, pre-plan meals for the week.
- Buy store brand or "no name" products when cheaper.
- Make your own hot drinks.
- Drink tap water.

Clothing:

- Repair torn clothing.
- Swap kids clothing with friends and family.
- Each season determine what clothing still fits before buying new items.

Make a SPENDING plan

Making a spending plan will give you more control over your situation, allow you to make smart decisions about how to spend, and help you provide for your needs.

Step One:

Add up all sources of income.

Step Two:

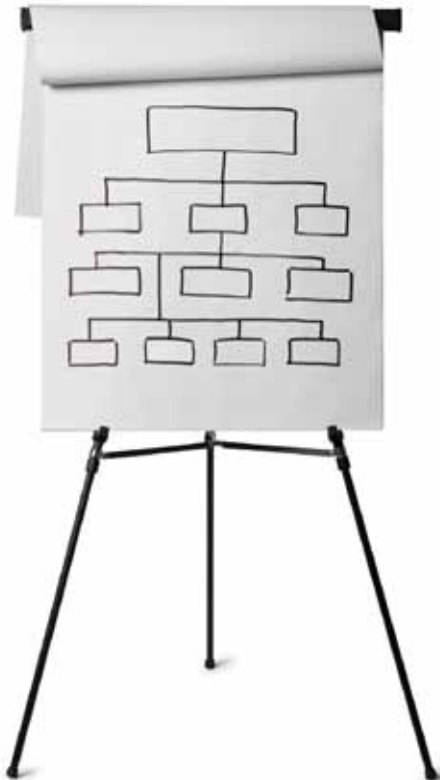
Identify all of your monthly and occasional expenses. Before changing your plan to adjust to your new income, consider what it costs to ensure your basic needs such as food, shelter, and clothing are met.

Step Three:

For each item, ask is it a need or a want, or can you do without it? Can you find a lower cost option to keep your spending within your income?

Step Four:

Keep track of your spending and buy only the things you need until you're able to balance your income and expenses.



Remember: It's important to involve the entire family. If they take part in the process they're more likely to accept the decisions.

Energy savers:

- Weather strip and caulk around windows and doors.
- Use microwaves instead of your stove or oven when possible.
- Turn lights off when you leave a room.
- Wash dishes by hand instead of running the dishwasher.
- Do full loads of laundry, using cold water.

Transportation:

- Walk, ride a bike, take public transit, or carpool.
- Keep your vehicle's maintenance up-to-date and tires inflated to save on gas.
- Shop around for the best insurance rate.

Housing:

- Can you share accommodations?
- Can you rent out a room or two to add to your income?
- Can you downsize to a smaller, less expensive home?



WEBSITES

Financial Fitness

One on one consulting to help manage money more efficiently

<http://www.financialfitness.ca>

Financial Consumer Agency of Canada

Provides financial services information

<http://www.fcac-acfc.gc.ca/>

Revenue Canada

Online tools to file a return and calculate your family benefits

<http://www.cra-arc.gc.ca>

Equifax Consumer Services Canada

Learn about your personal credit rating

<https://www.econsumer.equifax.ca/ca/main>

Save.ca

Your source for free grocery coupons

www.save.ca

PiggyPal

Online tool to track your spending and monitor your budget

<https://piggypal.ca/>

Powerwise

Provides a variety of energy conservation tips

www.powerwise.ca

Natural Resources Canada

Information on eco-energy incentives

<http://oee.nrcan.gc.ca/corporate/incentives.cfm>

Resources:

- Family Services Canada
- Canadian Mental Health Association
- Unemployed Help Centre
- Service Canada

true or false

1. You can save money on gas for your car by making sure your tires are fully inflated.
True or False
2. Using hot water for your laundry will save you money.
True or False
3. "No Name" products are usually cheaper than brand name products.
True or False
4. Your microwave is a cheaper way to heat up food.
True or False
5. If you can't pay all your bills, you can let the due date pass.
True or False
6. A debt profile is a way to organize your debts, payments, and interest rates.
True or False
7. Retirement plans are an important part of your financial health.
True or False



keep in mind...

Not all money lenders will accept your plan. They have certain legal options they can follow depending on the contract you sign. They can:

- Turn the debt over to a collection agency.
- Demand the entire amount owing.
- Foreclose on a mortgage and force the sale of your home.
- Take back the property used as security.
- Demand payment from a co-signer.
- Take you to court and sue you for the money.

Any action taken by creditors can damage your credit rating and lower your chances of getting credit in the future. It helps to work with a financial counsellor to restructure your debt and spending even if you want to handle the plan yourself.



Answers: 1. True, 2. False, 3. True, 4. True, 5. True, 6. False, 7. True