



WELLNESS WORKS....

Brain Injury Community Re-entry (Niagara) Inc.

A Publication from Brain Injury Community Re-entry Niagara's Wellness Works Committee

January 2012

FINANCIAL MANAGEMENT



Key facts:

- Budgeting and Money Management
- 10 Tips to help you use your credit card wisely
- The 7 Deadly Money Disorders
- Kelley Keehn's Top 5 Money Resolutions for 2012
- Test your money smarts
- Where to find January's best deals

BUDGETING AND MONEY MANAGEMENT

Budgeting and money management are key to making good financial decisions and achieving your financial goals. Most people know how much money they make, but find it hard to keep track of where their money is going or how much their debt costs them every year. Making a budget is a good first step in managing your money and keeping your finances on solid ground.

TIPS TO GET YOU STARTED

Get organized

Record all of your spending so you know where your money goes and where you can cut spending.

Fact: spending \$2.50 a day on coffee costs you \$912.50 a year

Identify your short-term and long-term goals, and build saving for them into your budget

For example, a short-term goal could be buying new furniture. It is also important to start saving early for long-term goals like retirement.

Divide your expenses into two categories: things you need, such as groceries, and things you want, such as tickets to a concert

Your "wants" will be the areas to target for money that can be used to pay down debts or increase savings.

Make "being debt-free" one of your goals

List all your debts and the interest rate you are paying on each of them and track your progress in paying them off.

Pay more than the minimum payment on bills whenever you can

Even a small increase in payments can make a big difference in the amount of interest you pay and how long it takes to pay off your debts.

Stick to your plan



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HERE ARE 10 TIPS TO HELP YOU USE YOUR CREDIT CARD WISELY:

1. Know what you're getting into. When you sign up for a credit card, you are entering a legally binding contract. **Read the terms and conditions carefully** to understand how they apply and what your responsibilities are.
2. Remember that having a credit card doesn't increase the amount of money you have available to spend. **Continue to live within your means and your budget.**
3. **Your goal should be to pay off your balance in full by the due date every month.** Carrying a balance means that everything you charge to your credit card actually costs you more than the purchase price, because you are paying interest. And the longer you carry a balance, the higher the cost.
4. If you can't pay your monthly balance in full and the outstanding balance is growing, you are spending more than you can afford and going further into debt. **If you find yourself in this situation, stop using your credit card until you get your finances under control.**

Since **interest is charged daily**, try to make payments as soon as you can to reduce your costs. Also, consider asking the financial institution that issued your card to lower your credit limit if you're having trouble controlling your spending.

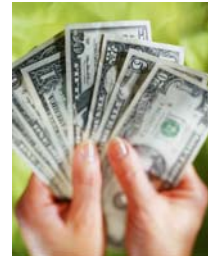
5. **Avoid impulse buys**, especially if you don't have the money available in your bank account to pay for the item. Ask yourself if you really need to make that purchase right away (or at all), or if it can wait until you actually have the money to pay for it.
6. If your credit card has a rewards program, **don't increase your spending or buy things you don't need just to get points.**
7. **Avoid taking a cash advance on your credit card.** Unlike regular purchases, there is no grace period on cash advances from a credit card. **You are charged interest from the day you take the advance until the day you repay the entire advance amount.** Use your debit card instead if a merchant offers a "cash-back" option with your purchase or get cash from your account from your own financial institution's ABM.

If you don't have enough cash in your account, look at your budget to see where you can scale back your spending.

8. **Talk to your financial institution about your options** if you need money for unexpected expenses. There may be alternatives to using your credit card that will cost less in interest, such as a line of credit.
9. **Make regular payments** to help build a good credit history. Paying the balance **in full** every month will show other lenders that you are a responsible borrower.
10. **Make sure that you are aware of all the fees associated with your credit card.** All federally regulated financial institutions have to include an information box in the credit card application, the credit agreement or a related document that comes at the same time. The [information box](#) has to highlight key information such as fees and the interest rate.



The 7 Deadly Money Disorders



- 1. Shopaholic/Impulse Spender**
A person who spends indiscriminately. Feels a compulsion to shop.
- 2. Ostrich**
A person who chooses to ignore their financial situation. They might feel as if something is wrong, but they're too afraid to look.
- 3. Upgrader/Status Seeker**
The phrase "Keeping up with the Jones'" was written for this money disorder. A status seeker never feels as if they have enough stuff. And they have to have the best of everything.
- 4. Hoarder**
A person who obsessively collects items "in case of emergency". Hoarders will also hide money, also for emergencies, but will never use these funds.
- 5. Financial Infidelity**
Couples who keep major financial secrets from each other, such as hiding purchases or keeping secret accounts.
- 6. Cheapskate**
This person is frugal to the point of sacrificing happiness and life satisfaction. Generosity is one way we show affection for friends and loved ones. The cheapskate risks ruining relationships for the sake of saving a buck.
- 7. Workaholic**
The only money disorder that is celebrated by society, the workaholic is addicted to work. They'll even feel a "high" from working long hours.

Kelley Keehn's Top 10 Money Resolutions for 2012

(from The Marilyn Denis Show/Finance)

1. Just say NO - no new consumer debt. Create a detailed family "needs" and "wants" list for the year ahead.
2. Know when to reward yourself, but set the rules up to win. PLAN your spending as much as your savings.
3. Be smart about your rewards cards and read the fine print. Are you paying more in annual fees than your rewards are worth?
4. Spend less and save more. Start a RRSP or monthly forced savings now. Or, increase your mortgage payment by \$50 a month.
5. Track your spending twice a year for a month with a friend and analyze each other's spending. Reserve judgment but offer and be open to constructive feedback.
6. Start a money club. Meet quarterly and talk all things money - books, resources and more.
7. Set your family's financial goals and create visuals like goal thermometers and incentives for each family member sticking to and reaching their goals.
8. Vow to flex your financial self-esteem muscles - negotiate, ask for a discount, track deals.
9. Do a complete financial audit once a year - review areas such as insurance, phone, cable, cell bills, credit card interest rates and annual fees, etc. and see where you can trim the fat.
10. Get organized - know the facts and figures of YOUR financial situation (what did your RRSP portfolio return last year? when does your mortgage renew and what's your rate?)



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TEST YOUR MONEY SMARTS

1. Do you pay your bills in full and on time? Yes No
2. Do you plan ahead for major purchases? Yes No
3. Are you setting financial goals for yourself? Yes No
4. Do you know your financial situation (both debt and savings)? Yes No
5. Do you follow a realistic budget? Yes No
6. Do you live within your means and not living paycheques to paycheques? Yes No
7. Do you have three to six months of your salary in a savings accounts? Yes No
8. Do you know the difference between "need" and "want"? Yes No
9. Do you use credit wisely? Yes No
10. Have you ever kept a record of your daily spending? Yes No

Visit: CreditCanada.website for information

WHERE TO FIND JANUARY'S BEST DEALS

January is also a good month to buy items that are off-season, such as air conditioners and Christmas decorations, adds Kate Musgrove, an editor at RedFlagDeals.com, the Canadian deals website.

Furniture, for example, is usually on sale in January and again in July, because manufacturers ship newer models to stores in February and August, Musgrove said.

Other items that are good buys in January, according to *Consumer Reports*, include:

- Fitness equipment. Retailers hope to cash in on consumers' New Year's weight loss resolutions.
- Bedding, carpeting and linens.
- Swimwear.
- CDs and DVDs.

