



# Common *Cents*

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## Spring Cleaning Your Finances

It may seem a bit early, but as the days slowly grow longer we tend to start focusing on spring. Why not get a jump on spring cleaning this year? Now is a good time to start decluttering your financial lives. By giving our finances a good once over, at least once a year, you can help to cut down on some expenses that we may have forgotten about.

### Look at Your Credit Card Statement:

Surprisingly, many people never really look at their credit card statements, or if they do, they don't always look very closely. By taking this approach we may find ourselves paying for things we don't use on a monthly basis. Many Canadians pay for recurring costs like credit insurance on their monthly bill, but don't fully understand what it is they are paying for. If you don't know what it is you are paying for, you are likely paying too much.

By eliminating these recurring costs you could save a few dollars a month, but compound that over the lifetime of your credit card and you could be saving thousands.

Also, look at your subscription services. Many magazines will automatically renew your subscription. So will online services for streaming media or gaming. If you are not using these services, be sure to cancel them.

Lastly, if you are paying a yearly fee to have the credit card that you use, ask yourself, "do I truly get the \$100.00 value out of this card or could I use a no-fee card?" If you are not using \$100.00 worth of rewards from your card, you are not maximizing your fee and should consider looking at cheaper or free alternatives.

### Track your Expenses:

Knowing where, and on what, you spend your money can really help to curb your spending habits. Keeping track doesn't mean just collecting receipts and putting them in an envelope. One effective method of tracking is to use a monthly money tracking book where you write down what you spent every day and where. You will start to see patterns in your spending the longer you track. To make it even easier, there are a number of online tools that will keep track automatically. It's often the small daily expenses that seem to add up to take a bite out of your budget. A \$2.50 a day coffee habit, five days a week will cost you \$650 a year, that could be enough to pay cash for Christmas presents.

### Prepare for a Rainy Day:

Life's financial emergencies will happen to all of us and when they do, it is better to be prepared with money set aside than using your credit card. By setting up an automatic savings system you know you will be prepared for these bumps in the road. Decide to put aside a percentage (many suggest 10%) of your monthly household income in an account that is difficult to access. By having your bank automatically transfer the money each payday, you never see it and so you can't spend it. Passive savings like this will help you build a reserve but you could also set up a similar system for bigger savings goals like a trip, or a new washer and dryer.

## Planning Ahead for Kids Sports & Recreation

Does the thought of having to come up with registration fees for kids sports set off the panic? Do you find yourself juggling other monthly payments in order to pay for those swimming lessons, dance lessons, soccer, hockey fees and other registrations?

If so, there is an easier way. Using a budget and a money management system can allow you to estimate the total annual costs for your children's sports (don't forget about registration, equipment, team fees, and possible travel expenses). It is easy to see these costs rise to between \$2,500 and \$3,000.

Once you have this estimated, divide by twelve to come up with the amount you must set aside each month in a savings account to have the money saved for when it is needed. For example, if the costs come to \$2,400 you would need to save \$200 each month to cover this and avoid using your credit card to make up the difference.

Talk to your bank about setting up a new savings account and an automatic transfer each month into this account. This way the money will automatically be set aside. Therefore, in the future when the expenses come up for sports or recreation, the money will be in the savings account and one less thing to worry about.

## Taxes and Debt

Will you be one of the lucky ones to receive a tax refund this year?

If so, it is important to remember that income tax return money is technically a portion of your income and not bonus money.

If you have debts, now is a good time to think about using that return to pay some off in full or at least pay some down significantly.

Don't know which ones to pay down? If any can be wiped out with your return pay those off first. If not, then look for the ones charging the highest interest rate. Another good option would be to clear your bank overdraft if you have one.

You may also want to put this return into your vacation savings or kids sports savings.

Also, it is important to talk to your tax professional to ensure you are getting the most out of your income tax filing so you are not leaving any money on the table.

## Tech Tidbit

Did you know that the Canadian Government has a branch dedicated to financial literacy? The Financial Consumer Agency of Canada (FCAC) provides up to date financial news for consumers, tips, and tools. The FCAC also provides a resource database that you can use to find government produced information booklets ranging from your rights and responsibilities of having a credit card to buying your first house. You can check them out at the address below.

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



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Since 1969, Credit Counselling Service of Sault Ste. Marie and District has been providing assistance to the people of Sault Ste. Marie who are experiencing the stress of financial difficulties. This non-profit, registered charity, and United Way Member Agency helps people from all walks of life. There are no fees for debt and money management counselling sessions. Professional counsellors work with clients in a relaxed and fully confidential manner. The Agency is an accredited member of Credit Counselling Canada.

*While the information herein is believed to be accurate, Credit Counselling Service of Sault Ste. Marie & District assumes no responsibility for errors, omissions or actions based on this information.*

