

GENERAL FINANCIAL TIPS FOR YOUTH

Never spend your money before you have earned it.

If you think of money, you will always find it is short – whether COVID or not. Managing your finance is more about your attitude. It is easy to feel overwhelmed. They say, 'Money does not change people, it unmasks them.'

We are providing some tools, skills, and insights on how to attain your Financial Freedom, for that is the best thing that money can buy. These tips below will help streamline your Financial Planning and manage your Budget:

- **Definition of Money** - Managing finances does not only mean your saving accounts. It includes also your paycheck, taxes, interest rates, mortgages, and insurance. So, look for ways to SAVE money: for example, due to this Lockdown, we cannot rule out COVID-19 related tax hike.
- **Setting your goals** – Before developing your plan, determine your ultimate goals. Since we come from different backgrounds with different needs, household size, income levels, we must all determine what should be our targets.

To do this, sit down and list out your goals. Then prioritize them. If you're couple, it's important to do so together. Writing your goals helps you to be committed to it. Break them down to short-term (like saving for vacation) and long-term goals (making the down payment for your house / car).

- **Staying Focussed** – The element of surprise is now gone from the Pandemic. As circumstances are constantly changing, remember that you are not alone and there are resources available to help you navigate. Stay focussed on protecting what you have – your money. Evaluate your situation in terms of money, adjust your spending plan, cut back your expenses, explore your options to get credit, work with lenders to minimize your debt, and such other things.
- **Tracking your expenses** – Most of fail to track our variable expenses, especially variable expenses which typically change from month-to-month like groceries, toiletries and utilities. But to make most of your money, it is essential to know how much you spent. Take time to track your variable expenses.

You can do so by finding what works for you. You could create a spreadsheet – in a booklet, on your phone, keep envelopes to put all receipts or track expenses via online bank statements and credit card transactions. Or you could look for some free/ nominally paid expense tracker. Ideally, track your expenses for two months and put the amount in the monthly budget. This will give you idea on how much are you spending in variable expenses. And then budget for each month.



- **Know your fixed/variable expenses** – Total up these expenses: (fixed) doesn't change from month to month like Maintenance fees, rent, mortgage payment, property tax, car/home insurance. Calculate to see how much is the variable expense and put aside that amount in the budget, put a reminder in the phone, or fill the budget planner in the phone. / computer or give standing instruction to the bank.
- **Have a Buddy** – lean on family members or friends. Like in the army have someone who can hold you accountable with your finances. It is a great way not only to connect during these times of isolation, but also to answer your doubts on money matters and help you make smart financial decisions.
- **Explore your options** – In moments of uncertainty, awareness and knowledge are your best friends. Know what to do, what are your options if you cannot pay your rent, students' loan (OSAP) or your phone bill. Speak to your landlord – ask if they can reduce/ delay or pay the rent in instalments. Find out your options.
- **Using Personal Finance Tracker** – Paying close attention to your budget and personal finance is a sure way to know where your money is going. Making use of tools like iFinancier Income & Expense Tracker are great. It supports you track your expenses to avoid overspending. It also helps you create Emergency Budget to carry you through and avoid dipping into your savings account unless you need to.
- **Separate Wants from Needs** – This Pandemic has left many of us unemployed, which makes us re-think our spending habits. The trick is to eliminate non-essential spending. Reviewing credit card bills and checking statements, help you identify subscriptions and other expenses that can be cut to free cash and re-allocate to Emergency Fund. Then re-calibrate to calculate how much you are saving due to this shutdown.

For example: spending for eating out, gym membership and such other cuts can be reduced, as social distancing protocols are time consuming.

- **Creating an Emergency Budget** – Working on the basic principle of debit expenses and losses: credit income and gains – helps in create an Emergency Budget. Find out where your money is going and when your payments are coming in so that you can create a positive budget. Assessing your budget, segregating expenses from essentials, finding available benefits will help adjust your budget and re-assess your financial goals.

The best way to avoid financial emergency is to have a cushion to get you through hard times. A good thumb of rule is to keep 2% of any amount you receive – whether a paycheque, EI, CERB, worker's compensation or paid sick leave. Keep some amount aside - like the Canadian Squirrel saving for it's 'rainy/snowy' days.

- **Find high savings rate Banks** – Since savings is difficult and more so during this crisis, one of the smartest things to do is to open high-yield savings account. Mind you, this is difficult to find because most banks offer between .01-.03%. Exploring different online banks and see what they offer as annual percentage yield, may help.



- **Maintain your credit** – Even though most banks and other financial institutions have given a temporary option/ relief for payment of mortgage and insurance in response of COVID -19, these changes impact your credit. It is more important to maintain and manage your credit now.

Remember, only some of your expenses are deferred but some costs like maintenance fees and credit card interest amounts, are not. You still must pay them. So, be proactive about your financial health by checking that you are not using your credit card more, looking for loan to help bridge financial gap or such other temporary relief pitfalls.

Keep an eye on any of the following habits that affect your credit like:

- o payment history
 - o loan modifications
 - o new credit card applications
 - o any amounts owed
- **Car insurance:** many of us did not use the car extensively, like we usually do – so speak to the Insurance people, tell them how much your usage is and bring down the insurance rate. People tend to save by almost \$1200 – 2000 annually.
 - **Contact Credit Canada** for debt free help – To help you manoeuvre through these unprecedented times, organizations like [Credit Canada](#) – help you face your own numbers, get organized and lead a stress free life. Through smart budgeting and money management you can feel more in control of making your money work . Take advantage of their free tools by booking free counselling session with certified Credit Counsellors by calling 1.800.267.2272 for appointments.

How to create a Wealth Mindset

- W - Write down what you want
- E - Envision your future
- A - Affirm your desire
- L - Listen to your inner voice
- T - Take action and transform
- H - Hold the Vision

