

Your Employee Assistance Program is a support service that can help you take the first step toward change.

Avoiding the Budget Crunch

Car loans. Mortgage payments. Daycare costs. Piano lessons. Grocery bills. It's a never-ending cycle that's got you in a load of debt, or at the very least, frantically trying to balance the bills. As we become increasingly dependent upon credit cards and file for more personal bankruptcies than ever, there's a definite need to gain control of expenses. The good news is it's not that hard to do, but you'll need some organization, planning and resolve to get there.

Create a budget. Gather your checkbook, bank and credit card statements, receipts and other financial information. Are you living a champagne life on a soda pop budget? Honestly assess what you can afford to spend and then map out a carefully planned budget. Direct deposit and preauthorized payments allow you to take expenses straight from your account before the money is spent elsewhere. Talk to a financial advisor about investing, which can help you gain money for retirement, education or a home renovation, and remember to re-examine your budget each year.

Cut excess. Your morning coffee or daily lunches out can add up to financial drain over time, especially when there's an espresso machine on your kitchen counter and food in the fridge. If you're going to tighten spending, anything other than shelter, food, transportation and other true necessities are on the chopping block. Try car pooling or use transit to save money on gas and parking. Find a bank that doesn't charge fees. Pack lunches and snacks everyday. Your budget will help you figure out what's a "need to have" and what's a "nice to have." You'll be surprised how much extra cash ends up in your pocket.

Get thrifty. With a bit of creativity, you can really save money in areas you may have never considered. Try vinegar, salt or baking soda for low-cost and eco-friendly cleaning around the house. Remember to always turn off lights not in use, use fans and space heaters, and try energy saving bulbs for lower utility bills. Do certain items like shampoo or toothpaste seem to evaporate in your house? Use only what you need instead of the recommended amount. As well, stock up on items such as laundry detergent or toilet paper in a larger quantities (buy in bulk).

Bad credit. Try to pay off the full balance on your credit card each month and make sure you're getting the lowest interest rate possible. Finding it difficult to manage debt? Cut up cards, leave them at home or cancel them. Your debt isn't going to disappear and it collects interest, so try to pay at least double the minimum monthly payment to make a meaningful dent. Also, be sure to pay off cards with the highest interest rates first.

Shop smart. Are you guilty of writing up a grocery list but never sticking to it? You're not alone. Shopping—whether it's for food, clothes, electronics, sporting equipment, and so on—has become a true hobby—obsession even—in our commercialized society. Stay on track by only buying items you actually need rather than because they're on sale. Even though that new cereal or that fancy bottle of mustard looks tempting, stick to your grocery list. And purge yourself of name brands. Shop in clearance stores or consignment shops to find truly great deals.

Plan ahead. Do you want to travel the world or move to the countryside when you retire? Decide what lifestyle you hope to live and how much money you'll need to be comfortable. Experts agree you should contribute at least 10 per cent your yearly earnings to retirement savings. RRSPs, investment portfolios, savings accounts or a combination of all three can help you build your assets now and for the long term. Every person's retirement plan will be different based on their income, wants and planned age of retirement. The earlier you start the better off you'll be, so speak to your bank or a financial planner

sooner rather than later.
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Staying on top of your finances is the only way to avoid debt, poor credit and money stress. If you don't already have a budget, sit down and create one. It'll not only help you feel more in control of your money now, but will also help you begin setting and achieving financial goals—whether it's that dream home, vacation, or the kids' education—further down the road.