

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

Financial Planning: Gaining Control of Your Finances

Money may not buy happiness, but proper financial management makes life a lot easier. If money problems are causing you stress, there are some steps you can take to gain control of your finances.

Note Changes in Your Financial Status

To keep your financial plan on track, you need to review it any time there's a significant change in your life. Here are five developments you may encounter:

Job changes. A new job with higher pay may mean you can make larger regular contributions to your investment portfolio. A decrease in pay, or losing your job, may suggest a more conservative investment stance, or a new look at your goals.

Changes in marital status. When you get married, you'll probably want to review your will, as well as beneficiary designations on your insurance policies, pension plan, and the two main categories of retirement plans controlled by ERISA law: 1) Defined Contribution Plans and 2) Defined Benefit Plans. The plans operate in substantially different ways. It is important to understand the differences between the types of plans and how those differences affect the valuation of the retirement plans. Other sources of retirement plans are those sponsored by government entities and supplemental plans.

Major life events. Having a child means new responsibilities and new expenses—definite signals that you need to review your whole financial plan, especially your insurance needs. Other major life changes include buying a home, starting your own business, retiring or becoming disabled.

Market changes. If the economy and the financial markets are heading for a shift, you need to be prepared.

A shift in your investor profile. As you get older, you may be more cautious. It's important to review your financial plan regularly to make sure it's appropriate for the type of investor you are today, not the investor you were five years ago.

Review Your Financial Plan

First you need to take a snapshot of your financial affairs. This involves creating a list of all debts or liabilities, such as loans and mortgages; a list of all assets, including property and income; and finally, a list of all expenses. If you've never had a good look at your entire financial picture, this can be both challenging and enlightening.

Next you need to create a realistic budget. This means reviewing the expenses list and determining what is really necessary. Be sure your budget includes expenses such as groceries, dry cleaning and unforeseen items such as car repairs. If you aren't sure where the money is going, keep a log of everything you spend.

If you are struggling to reduce spending or pay off overdue credit cards or loans, your budgeting will need to free up cash to pay your debt. There are a number of options to consider, including securing a line of credit to consolidate debt; paying off high interest debt first, paying off only the minimum on

debt with lower interest rates; or credit card consolidation. © 2026 LifeWorks (US) Ltd.

What to do. When we get just a little extra cash, we tend to fritter it away. Instead of spending it, why not use it to help build financial security? Here are some suggestions:

- Pay down consumer debt, especially costly credit cards. Depending on your tax bracket, reducing a 10 per cent consumer loan is the same as earning as much as 20 per cent in taxable interest from the bank.

- Start, or build, an emergency fund. Ideally, you should have a cushion of a minimum three months' expenses in a money market fund, American Savings Bonds or short-term deposits.

You may want to seek assistance from a financial advisor to help you create a financial road map or to address your investment, retirement or estate planning. Since you will be disclosing personal information to this advisor, you need to be sure he or she is professionally competent and is someone you can trust. Before making your choice, meet with several and ask for a list of clients that you can contact along with a profile of their experience and qualifications. This will ensure that you remain in control of your money and investments.