

## Make your finances work for you



Money worries leaving you stressed and overwhelmed? These strategies can help you get organized and take control.

**CRINGING AT THE SIGHT OF A BILL** in your mailbox. Tossing statements onto the ever-growing countertop pile. Sound familiar? Financial stress is a reality for many Canadians. In a recent survey, three-quarters of those polled carried personal debt<sup>1</sup> and, according to a poll for the Canadian Medical Association, 23 per cent of Canadians lose sleep regularly over financial worries.<sup>2</sup>

Amid hectic schedules and competing priorities, it can be difficult to find the time to pay your finances the attention they require. However, using these strategies can help you take control of money matters in your household.

### Start simple – make a list

Many people avoid organizing their finances because tackling everything at once is overwhelming. Breaking down tasks in a list helps identify specific and achievable goals, which can then be addressed one at a time.

**Consider:** Assign deadlines and prioritize the challenges you want to resolve first. If organizing finances is a family project, decide who is accountable for each task on the list.

### Set short-term and long-term goals

It's important to assess current circumstances to help organize efforts to achieve future plans. Do you have children attending university?

Are you nearing retirement? Is there a trip you've been dreaming about? Create a timeline (six months, one year, five years, etc.) and identify where you'd like to be financially at those milestones.

**Consider:** Check in with your advisor and review your finances. Your advisor can take a holistic look at your financial situation, provide advice and work with you to build a plan.

<sup>1</sup>[www.newswire.ca/en/story/1250277/canadians-paying-off-their-debt-the-good-old-fashioned-way-spending-less-rbc-poll](http://www.newswire.ca/en/story/1250277/canadians-paying-off-their-debt-the-good-old-fashioned-way-spending-less-rbc-poll) <sup>2</sup>[www.newswire.ca/en/story/559103/economic-woes-raise-health-fears-among-canadians](http://www.newswire.ca/en/story/559103/economic-woes-raise-health-fears-among-canadians)

### Consolidate and automate

Pare down to a single credit card to reduce extra account fees and multiple statements. Where possible, look to consolidate other expenses and streamline payments. Keep in mind that certain companies offer discounts if you bundle services (such as phone, cable television and internet). Sign up for convenient electronic billing; you may find it not only reduces unnecessary paper clutter, but also saves time. Work towards greater efficiency by making multiple payments at the same time on a regular schedule.

**Consider:** Take advantage of the added bonus of online banking and paperless billing: digital record storage. Most banks and companies provide access to five to seven years' worth of previous statements.

### Zero in on spending habits

The convenience of credit cards, debit cards and online shopping makes it easy to lose track of spending. To avoid the shock and resulting stress when bills arrive, start logging purchases and be conscious about every transaction.

**Consider:** Put away all plastic and “virtual” money for an entire month. Use only cash, and stick to a predetermined amount each week. At the end of the month, assess where you can make improvements.

### Create a budget

Budgets can range from web-based programs to spreadsheets to hand-written documents. Regardless of the format you choose, developing a budget is an effective way to organize, track and plan expenses. Start with large categories (e.g., house) and then identify subcategories (e.g., mortgage, utilities, internet). A detailed budget presents a clear picture of “money in” versus “money out” each month. From there, you can set targets and trim costs where possible.

**Consider:** Budget for a “wish list” and “unexpected events.” Planning for the former will help you feel optimistic about reaching those goals, and having money set aside for the latter will ease stress when you run into costly surprises.

### Organize files and establish a system

Not a fan of paper records? Scan everything and create a digital filing system. Prefer hard copies? Organize your records in a cabinet or plastic bin, with labelled file folders and dividers. You will likely want to identify categories (e.g., taxes, vehicles, warranties, insurance) and sort your digital or paper folders by date. Then, as you deal with each bill or document, date it and file it promptly.

**Consider:** Sort files regularly and shred outdated documents. Use the following list as an approximate guideline for record storing:<sup>3</sup>

- Bank accounts: One calendar year, unless needed for tax return purposes
- Credit cards: Until you check and pay them
- Loans: Until the loan is paid off
- Investments: Until the next statement arrives
- Warranties/receipts: Until expiry dates
- Tax files: Six years (starting at the end of the tax year to which the records relate)
- Insurance policies: Until a term policy has ended; for permanent life insurance, keep documents in a safety deposit box ■

<sup>3</sup>[www.cra-arc.gc.ca/tx/bsnss/tpcs/kprc/hw/rtntn-eng.html](http://www.cra-arc.gc.ca/tx/bsnss/tpcs/kprc/hw/rtntn-eng.html); [www.moneysense.ca/columns/super-saver/which-financial-documents-should-you-save](http://www.moneysense.ca/columns/super-saver/which-financial-documents-should-you-save); [www.consumerreports.org/cro/2010/03/conquer-the-paper-piles/index.htm](http://www.consumerreports.org/cro/2010/03/conquer-the-paper-piles/index.htm)



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