

Your Budget

Take control of your finances

Why budget?

- Achieve short-term goals like having enough money every month to pay bills and handle occasional expenses, as well as longer-term goals like buying a home or a car, or saving for retirement.
- Knowing where your money goes helps you make changes that can save you a bundle in the long run.

Step 1: Set your goals

- Consider short-term goals like vacations and longer-term goals like saving for your children's education.
- Keep major future expenses in mind – cars, roofs and furnaces all need to be replaced eventually.

Step 2: Track your expenses

- Use the attached budget worksheet to track your monthly expenses.
- If you are developing a family budget, remember to include expenses for all family members.
- To get a complete picture of your expenses, make a note of all little purchases, especially those made in cash, and divide big annual expenses like Christmas gifts and vacations by 12 to get a monthly amount.
- Treat savings as one of your regular expenses. Consider setting up an automatic withdrawal directly to your savings account – chances are you won't miss it and before long you'll have a nice nest egg.

Step 3: Figure out your income

- To convert your pay to a monthly figure: If you are paid weekly, multiply by 4.333; biweekly, multiply by 26 then divide by 12; semi-monthly, multiply by 2.
- To convert bonuses or other special payments to a monthly figure: annual payments, divide by 12; semi-annual, divide by 6; quarterly, divide by 3.
- Don't count overtime pay as regular income – use it to contribute to goals instead.

Step 4: Making spending decisions

- Deduct your expenses from your total income to find out what you have left over.

- If you're spending more than you are bringing in, you are living beyond your means and need to take action to reduce your expenses.
- Even if you are managing well, you can squeeze out more money for your goals. Go through your budget line by line. Can you cut down on variable expenses? This can add up to big money over time. You may also be able to save money on your fixed expenses, by reconsidering what you really need, and by making sure you are getting the best value for every dollar you spend.

5 tips to spend less, save more, and reach your goals faster

1. You can shop around for almost everything - even your regular bills – are you getting the best deal out there for your insurance products, or your telephone and cable tv service? Take the time to explore the options and make sure you are getting the best value.
2. “A penny saved is a penny earned.” Actually, it's better. A penny saved is after-tax income (e.g. 1.3¢ if you are in a 30% tax bracket), so you are actually further ahead when you reduce your expenses than when your income goes up by the same amount – a good incentive to save every penny.
3. Reduce your debt expenses. Prioritize your debts and pay off the credit cards or other loans with the highest interest rates first. Shop around – you may be able to find a better rate on a credit card or line of credit. Try to maintain a zero balance every month, and always pay off more than the minimum.
4. Have an emergency fund. Make one of your goals saving three months' expenses to help you get through a financial crisis like a job loss. Being able to rely on savings is less costly than having to rely on borrowing in an emergency. Consider an automatic withdrawal to your savings account.
5. Make the most of tax benefits. You may be eligible to receive tax benefits for child care, transportation, education and other expenses.

Budget Worksheet

Fixed Expenses	monthly	Debt payments	monthly
Mortgage	\$	Regular payment on credit card(s)	\$
Rent / condo fees	\$	Payment on line(s) of credit	\$
Property taxes (monthly)	\$	Other debt payments	\$
Hydro	\$	Car loan(s) / lease(s)	\$
Water	\$	Total debt payments (B)	\$
Heat (gas, oil)	\$		
Home telephone	\$	Savings	monthly
Cable / satellite TV	\$	RRSP contributions	\$
Home - lawn care, house cleaning etc.	\$	RESP contributions	\$
Internet	\$	Emergency fund	\$
Alimony / support payments	\$	Savings for goals	\$
School tuition	\$	Other savings	\$
Child care	\$	Total savings (C)	\$
Variable Expenses	monthly		
Groceries	\$	Total fixed & variable expenses (A)	\$
Restaurant meals	\$	+ Total debt payments (+B)	\$
Corner store	\$	+ Total savings (+C)	\$
Lunches / breaks	\$	= Subtotal outgoing funds (D)	\$
Alcohol – from store or at restaurant/bar	\$		
Tobacco	\$	Income	monthly
Pet food and care	\$	Monthly income (after taxes and deductions)	\$
Medical & dental appointments	\$	Bonuses	\$
Glasses / medical devices	\$	Tax credits (child benefit, GST, etc.)	\$
Prescriptions	\$	Gifts	\$
Home insurance	\$	Total monthly income (E)	\$
Personal insurance	\$		
Automobile insurance	\$	Minus total outgoing funds (E - D)	\$
Gas	\$		
Parking	\$	Free balance	\$
Car maintenance & repairs	\$		
Auto licenses	\$		
Transit	\$		
Cell phone	\$		
Bank charges	\$		
Credit card annual fees	\$		
Clothes (including work, kids', other)	\$		
Dry cleaning	\$		
Home maintenance & repair	\$		
Tools or other work expenses	\$		
Club or association memberships	\$		
Recreation / family entertainment	\$		
Fitness memberships	\$		
DVD / video game rentals	\$		
Newspapers / magazines / books	\$		
Babysitting	\$		
Haircuts & grooming	\$		
Gifts / donations	\$		
Lotteries / bingo / casinos	\$		
Vacation	\$		
Kids misc. – toys, books, allowances, etc.	\$		
Course fees	\$		
Other expenses	\$		
Total fixed & variable expenses (A)	\$		