

# Budgeting is an eye opener! It will give you a snapshot of your finances

Creating a budget and sticking to it doesn't have to be painful. SISIP Financial Counsellors and Advisors will work with you, reviewing your financial situation to develop the right budget for you. Want to get started?

## **Step 1** – Make a list of your monthly expenses.

Fixed:

- Rent/mortgage
- Car payments
- Insurance
- Hydro
- Phone/internet

Flexible:

- Food
- Gas
- Clothing
- Personal care
- Restaurant/entertainment

Periodic:

- Gifts
- Vacation

Discretionary:

- Your daily latte
- Magazine subscriptions
- Impulse purchases
- As well as any savings (RRSP, TFSA).

## **Step 2** – Set Goals

They must be realistic, measurable and achievable; studies have shown that by writing them down, they are more attainable.

- Consider needs versus wants



- What is important to you and your family?
- Involve the entire family in prioritizing your;
  - Long term goals (i.e. paying off mortgage)
  - Short term goals (a new car, appliance, home renovations, etc).

### **Step 3** – Calculate your income

This may seem simple if you receive the same pay every month. However, consider the following:

- Lump sum payments
- Income tax refunds
- GST rebates
- Government child care benefits
- Interest income
- Gifts, etc.

Be cautious not to over-estimate your income. [SISIP Financial's Budget Worksheet](#) is designed and specifically tailored to the CAF pay statement.

**Step 4** – Compare your income and expenses; if the latter exceeds your income, here are a few basic options:

1. Cut low priority items and/or reduce spending (TV/cable, restaurants, etc). This will require discipline, but will likely have the least impact on your lifestyle.
2. Increasing your income (i.e. taking a second job, add an additional earner to the household (spouse, dependent), or sell unused items). Note that another job may have tax implications.
3. Consolidate your debts (not always the best option)

Review this in depth with your SISIP Financial Counsellor or Advisor who can help you determine which option best suits your lifestyle.

### **Step 5** – Develop a spending plan

Keeping track of how much you plan to spend;

- Stick to the plan
- Monitor monthly expenses
- If your actual spending differs from your plan make the necessary modifications.

### **Step 6** – “Pay Yourself First”

Consistent savings go a long way towards building a long-term nest egg. Financial Professionals refer to "Pay yourself first" as the golden rule of personal finance.

By automatically deducting a specific amount from each pay cheque, ensures continued contributions



are made month to month creating a habit of savings!

To further support your savings goals, SISIP Financial has partnered with Canada Life to bring you CAF Savings Plans. Contact your SISIP Financial advisor for all the details.

**Step 7** – Review your spending plan

Be sure to review and adjust your spending plan as required. You may not always get your plan right the first time; reviewing it will allow you the flexibility to adapt to any change in lifestyle and financial situation, thereby adjusting your goals accordingly.

There, you are Budget ready!

