Manulife

Take control of your finances

10 simple money management tips that may help improve your financial health

While taking control of your money and improving your financial wellbeing can sometimes feel overwhelming, it may be easier than you think.

You don’t have to have a lot of money to be financially secure. You just need to live within your means, have a little bit of knowledge about budgeting, and be disciplined. The good news is that most people can get there with the right tools and the right attitude.

Here are 10 tips that may help you stay on track and improve your financial outlook.

1 MAKE A BUDGET

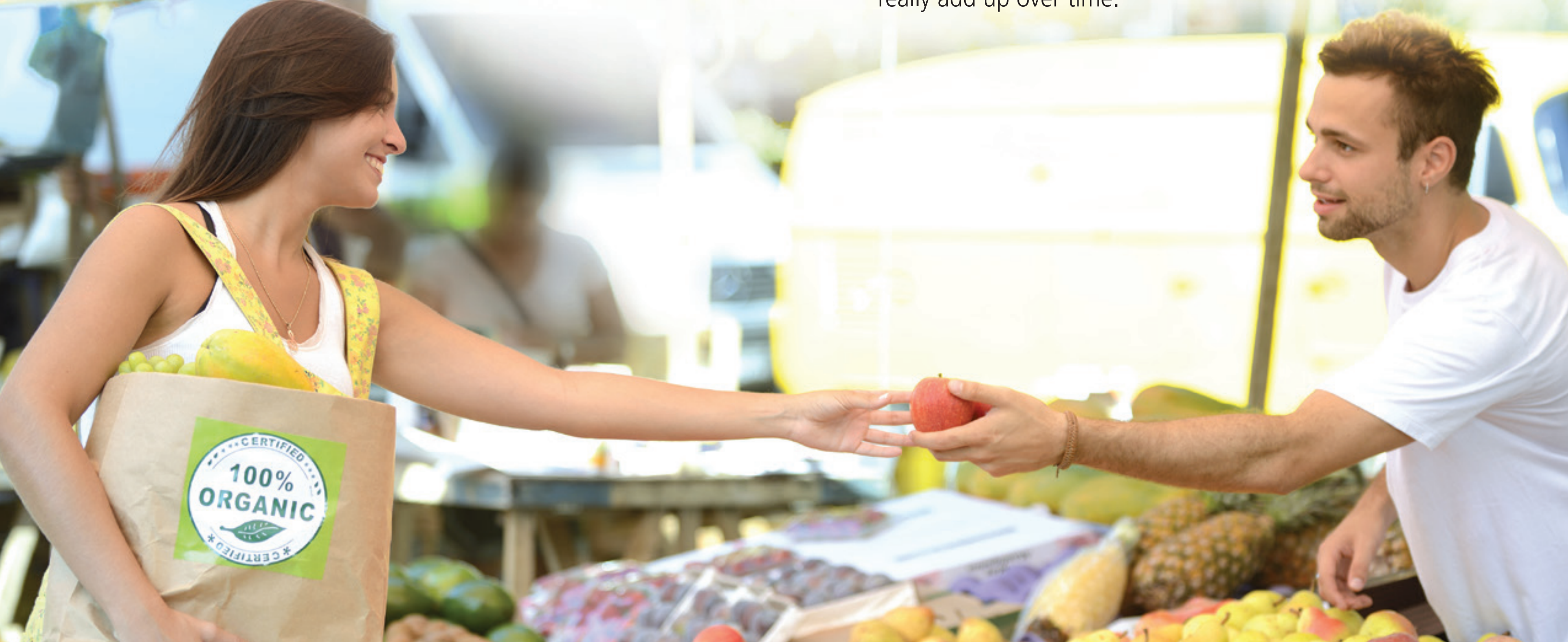
- If you want to get on top of your finances, a budget is a great place to start. It allows you to keep a record of money you have coming in (from things like your salary, bonuses or benefits reimbursements) and payments you make (such as your rent or mortgage, living expenses and regular spending).
- You can set up a spreadsheet on your computer, write your budget on a piece of paper or use tools like Manulife's online budget planner available at **manulife.ca/stayontrack**.

2 IDENTIFY WHERE YOU'RE SPENDING YOUR MONEY

- Try recording all of your spending, including any small purchases, for at least a month.
- Look to see how and where small changes to your day-to-day spending could save you money in the long run.
  - Reviewing/downgrading your cell phone plan.
  - Reviewing/downgrading your cable TV options.
  - Skipping/reducing your daily trips to the coffee shop or takeout lunches.
  - Planning your meals and groceries for the week.
  - Clipping and using coupons.

3 GET ORGANIZED

- After creating a budget and identifying where you're spending your money, try organizing your upcoming bill payments.
  - Create a list of your current bills.
  - Record the due dates of each bill.
  - Pay your bills on time to avoid late fees and penalty charges. These may feel like small savings but can really add up over time.



4 PAY OFF HIGH INTEREST DEBTS FIRST

- If you have several debts, you may want to put more money towards the one with the highest rate of interest so you can pay that off first. Usually store cards have the highest interest rates, followed by other credit cards, then personal bank loans.
- Make sure you don't break the terms of any agreements when prioritizing payments. For example, even if you're focusing on paying down one debt, you usually must still pay at least the monthly minimum on credit cards and loans.
- Once you pay off a debt, take the money you would usually set aside each month for that payment and put it towards another debt so you can pay it off faster.
- You may want to consolidate your debts into an 'all-in-one' type of bank account or a secure line of credit in order to make a single payment each month.
- Get help if debt problems become serious.
  - If you've already missed payments and feel yourself sinking, it may help to get advice from a debt counsellor.
  - Check to see if your employer offers an Employee and Family Assistance Program (EFAP) as part of your group benefits plan. These programs often include free debt counselling.

5 SET A SAVINGS GOAL

- Having a savings goal may make it easier to get motivated and start saving.
- Try focusing on what you'll be able to do once you reach your goal instead of on the money you're setting aside each month.
- A good first goal is to save an emergency fund to help cover unexpected events like sudden car or home repairs, or unforeseen time off work.
  - Try and put three months' worth of expenses in an easy-access bank account. If saving this much is a challenge, keep it as a target and save as much as you can afford in the meantime.
  - Include paying yourself (i.e., your emergency fund) in your budget just like your other expenses and bills.
- Once you've set aside your emergency fund, you can save for other things like taking a holiday, home improvements, new furniture, buying a car or retirement.

6 DON'T PAY MORE INCOME TAX THAN YOU NEED TO

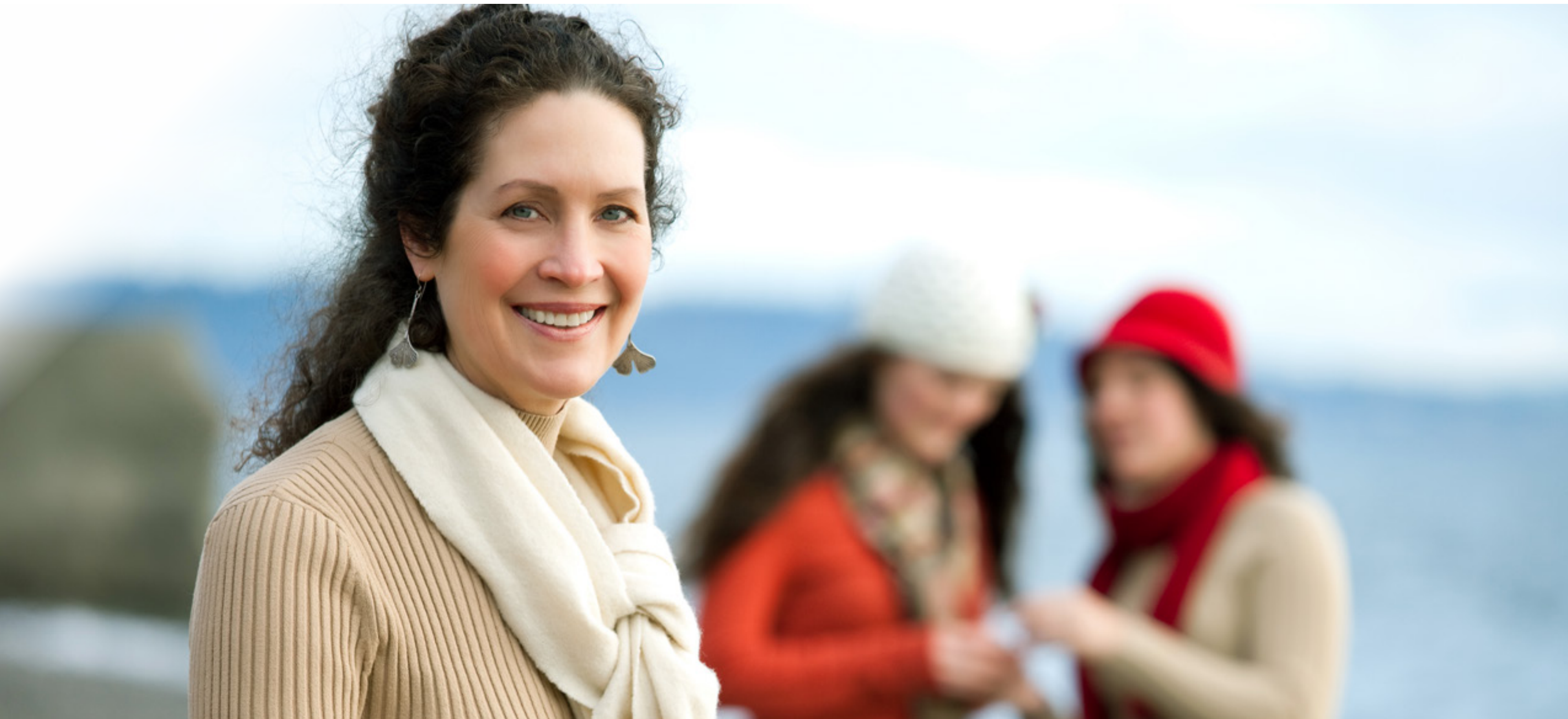
- Learn about your tax liability and find out what tax bracket you (and your spouse) are in. Knowing this may help you figure out the following.
  - Which spouse should deduct child care and medical expenses?
  - Who should claim charitable donations?
  - How much of a tax break will you each gain with an RRSP contribution?
- If one partner is in a higher bracket, they may want to pay into a spousal RRSP to help ensure equal assets are built. Doing this can also help you pay less taxes in retirement.

7 MAKE USE OF ONLINE BANKING AS MUCH AS POSSIBLE

- Using online banking can help you stay organized and keep track of your bill payments. In many cases, you'll be able to:
  - set up payment reminders,
  - schedule future bill payments, and
  - review your spending.

8 EDUCATE YOURSELF ON WHAT'S AVAILABLE TO YOU WITHIN YOUR EMPLOYEE BENEFITS AND RETIREMENT SAVINGS PROGRAMS

- Take advantage of any employee retirement savings options, including any matching programs your employer has in place.
- Find out how flexible spending accounts and health benefits might save you on taxes or out of pocket expenses.



9 IT'S NEVER TOO EARLY — OR TOO LATE — TO SAVE FOR RETIREMENT

- Start putting money away for retirement on a monthly basis, regardless of your age and life stage.
  - While you will receive income from guaranteed government sources such as Canada Pension Plan (CPP), it's challenging to live on this as a sole source of retirement income.
  - If you were to retire today, the maximum amount you can receive from CPP is only $12,780 in yearly income.[1]
- Starting to save for retirement when you're young is ideal as it can help you develop savings habits that will last throughout your career. In addition, the younger you start, the less money you'll have to put aside each year to reach your retirement savings goal.
- If you have a company retirement plan, make sure you contribute so you can take advantage of any employer-matching plans that may be in place and accelerate your retirement savings.

10 CONSIDER WORKING WITH A FINANCIAL ADVISOR

- According to our 2014 research with Ipsos Reid, people who feel financially secure are over five times more likely to be working with an advisor than those who say they are struggling with their money.[2]
- A study conducted by Montreal-based Centre for Inter-University Research and Analysis on Organizations (CIRANO) found that households working with an advisor have approximately twice the level of financial assets as households who forgo advice.[3]
- A financial advisor may help reduce some of the stress in your life by helping you prepare for life's financial milestones. From planning a wedding, to getting ready for the arrival of a child, buying and renovating a home, to preparing for retirement, Canadians with advisors tend to be more confident and better prepared for life's big financial challenges.
- You can visit **manulife.ca 'Find an advisor'** to locate a professional near you.

[1] Canada Pension Plan payment amounts 2015: www.servicecanada.gc.ca/eng/services/pensions/cpp/payments
[2] Manulife/Ipsos Reid Health and Wealth Wellness Study 2014
[3] Econometric analysis of the value of advice in Canada, by Claude Montmarquette, CIRANO, 2012

Visit manulife.ca/stayontrack for more money management tools and resources.

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