



## FORWARD

At the Credit Counselling Society (CCS), we help consumers find solutions to their financial challenges. We are on a mission to educate Canadians about personal money management and the wise use of credit.

We want to welcome you to your Debt Management Program (DMP) – a monumental first step to getting your debts under control. For many of you, it will mean changing the way you do certain things so that you have room in your life to create new habits. This workbook is designed to help you do just that.

The ideas we share in this workbook come from many different people. Our clients have shared good ideas over the years. Staff at CCS have gathered countless tips and industry best practices to help clients become successful. This workbook was developed to bring all these great ideas together to help make the next 3 – 5 years a little easier for you.

## You Have a Support Network

You're the key ingredient to your own success, but we want you to know that you don't have to go through it alone. We have resources available to help you and set you up for success! One resource is this workbook, a reference guide that you'll hopefully pick up over and over again. We'll also be in touch with you along the way to encourage you and celebrate your successes.

In addition to the assistance you receive from your Counsellor, you will also be supported by your Client Services Representative (CSR). Your CSR works together with your Counsellor and is your main contact person at the Society. Your CSR is available to speak with you about routine matters that may affect your budget or your monthly payments. If your circumstances change, your CSR will connect with you to book an appointment to speak with your Counsellor. Your CSR will communicate with your creditors on your behalf as well as disburse your payments to them. Feel free to pick up the phone or send your CSR an email anytime.

We know that a lot can happen in the life of a DMP so we'll plan regular check-in times with you to help you as you make managing your finances an important priority. Your CSR will collaborate with you and your Counsellor to come up with the best possible solutions. Together, we'll make a great team!

**What's in it for Me?** A brighter financial future, of course! Money in the bank. No debt to drag you down. Pay cheques that are yours again. Freedom to make



## USING THIS BOOK – THE WHY & HOW

The purpose of this book is to give you some tools, resources and activities to help you manage your Debt Management Program with greater ease.

The first year of a DMP is typically the most challenging for people. The adjustment to living without credit and on a budget can be difficult and we want to provide you with as much support as necessary to ensure your success. You have our permission to mark this workbook up! Dog-ear the pages. Use colourful highlighters to brighten up key points. Heck, a little bit of spilled coffee on the pages is even acceptable. This book is meant to be used; and the more you use it, the more you'll get out of it.

### How you'll use this book:

- At regular reviews with your Counsellor. They'll refer to certain aspects of this book and work with you on some of the practical activities.
- During conversations you have with your CSR
- While attending webinars about personal finance facilitated by a CCS Educator

There are various topics in this workbook, some of which are designed to get you to think about your money differently, and some are designed to help you build actual skills. You may wish to go back and forth between sections through the course of your DMP.

### Here is a general timeline of what you can expect over the course of your DMP:

- Within the first 12 months, attend 2 skill-building workshops
- At 6 months, review your progress with your Counsellor
- At 12 months, your first annual review with your Counsellor
- Annual reviews near your anniversary date

# Helping Jack

## Smart Spending - The Decal Project!

A recurring theme throughout this book will be about your goals, values and priorities. We can make wise spending decisions when we are aware of our goals and think about them often. So how can a little sticker help you reach your goals and save money? While little, these decals can pack a powerful punch!

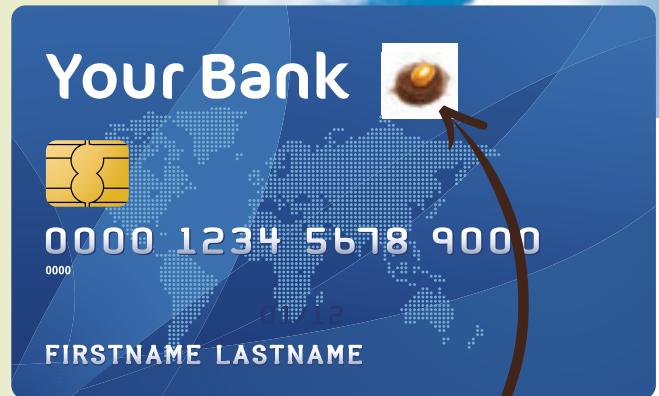
Other than credit cards, we use bank debit cards for security and convenience. But sometimes they're a little too convenient. Your first assignment is to attach a decal to your debit card or any other item you see when you make a purchase (like the inside of your wallet or your cheque book register). If you've got kids with their own debit cards, there's probably one that works for them too.

Each time you pull out your debit card, you'll see the decal. You'll find yourself naturally asking if the purchase you're about to make takes you closer to or further away from your goal.

freedom

security

choices



Sometimes seeing someone else's situation and offering advice can be a good way to learn a concept or skill. So in order to facilitate your learning, we'd like you to meet Jack. Jack is an imaginary character who has come to CCS with money troubles. He will be going through a Debt Management Program himself. You may even identify with Jack at various points along his journey.

These mini case scenarios will help demonstrate the common financial questions and principles you'll discover as you progress through the book.

**It's Time!** Take back control of your money! We encourage you to read the information, complete the self-assessments and practice the activities. We've created them especially for you. We're going to start by getting organized, exploring your money values, and setting goals. Then we're going to work with you to build some skills which include tracking your expenses, creating a budget, planning your pay cheque, and creating savings. Afterwards we'll help you plan for the unexpected, holidays and special occasions, and give you some strategies to help cope with impulse spending. And finally, we'll look to your future and work through credit reports, rebuilding credit, and planning for the future.

**CCS is excited to work with you on your journey to becoming debt free, ... so let's begin!!**







# Where am I?

Here's a little quiz to get you thinking about how you're currently doing with managing your money. Don't worry, there's no pass or fail, just a chance for you to learn. The best learning usually happens when we realize what we're already doing well. Then it's only natural that we can spot areas to work on.

As truthfully as possible, please circle the answers that best describe you. You'll have a chance at the end of your DMP to complete the quiz again. You'll notice differences, for sure!

## A SELF-EVALUATION

**Scoring:** Each Never = 0 points  
Each Sometimes = 1 point  
Each Always = 2 points

### HOW DID YOU DO?

**15 – 20 Points** suggests you are practicing good money management skills. Way to go!

**10 – 15 Points** suggests you are making an effort toward improving your money management skills. Keep up the good work!

**0 – 10 Points** suggests you need to improve your money management skills. But that's okay. You've now identified the areas to work on – one step at a time!

date completed:

1) I always pay my rent / mortgage and utility bills on time.	Always / Sometimes / Never	
2) I save 10% of my net (after tax) income.	Always / Sometimes / Never	
3) I try to keep 3 months of my net income in reserve for emergencies.	Always / Sometimes / Never	
4) I plan ahead for large expenses like home / auto repairs and vacations.	Always / Sometimes / Never	
5) I set financial goals.	Always / Sometimes / Never	
6) I spend no more than 20% of my net income for credit payments, not including my mortgage.	Always / Sometimes / Never	
7) I comparison shop before I purchase goods and services.	Always / Sometimes / Never	
8) I control my money to live life instead of letting my money control my life.	Always / Sometimes / Never	
9) I monitor my monthly spending.	Always / Sometimes / Never	
10) I keep current about money by reading about financial and consumer-related topics.	Always / Sometimes / Never	

(add up all the points for each question) **Total Score**

If you weren't happy with your score, or you think you've still got some work to do, mention it to your Counsellor. The DMP process is a great way to improve these things. Just wait and see! We've included the same quiz at the back of the book. After you've completed your DMP, take the quiz again and see how much you improved!

## MEET JACK

Jack is a 27 year old single guy. He just moved to Calgary after talking with a buddy who told him about all the opportunities that were available. After completing a business course from college, he moved out of his parents' home in Manitoba and into an apartment with his friend in Calgary.

Jack found full time work at the front desk of a hotel. He enjoys his new job and new city, but Jack has been learning quickly about the cost of living on his own. He also has the financial stress of debt payments. Jack doesn't have student loans because he lived at home rent-free and managed to work enough hours to cover his tuition. However, he did use credit for all the "fun things" while he went through school and also for buying a used car. The "fun things" were just as you'd expect: dates, gifts, vacations, clothing and entertainment.



*"Never spend your money before you have it."*

*– Thomas Jefferson*



**Here's a quick summary  
of his financial situation:**

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**Monthly Income and Expenses**

Net income (after taxes)	\$1,875
Monthly expenses	\$2,212
(Including debt payments)	<b>-\$337</b>

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**Assets**

7 year old car	\$8,000
RRSPs (no longer contributing)	\$1,000
Emergency fund (savings account)	\$500
<b>Total Assets</b>	<b>\$9,500</b>

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**Debts (Liabilities)**

Visa	\$6,000
Personal Loan (unsecured)	\$11,000
Line of Credit	\$5,500
<b>Total Debts</b>	<b>\$22,500</b>

**Something has got to give!**

Jack can no longer afford to maintain everything he is doing, including his monthly debt payments. Always running a budget that is short means that you tend to rely on credit to make ends meet.

Jack heard about the Credit Counselling Society (CCS) from a friend and did some research online. He booked an appointment and spoke with Sharon, a Counsellor at CCS. She helped him go through all the areas of his budget, his priorities and offered solutions for dealing with his debt.

*"People with clear, written goals,  
accomplish far more in a shorter  
period of time than people without  
them could ever imagine."*

*– Brian Tracy*

Jack decided to start keeping a closer eye on things so that he could reach his goals and agreed that there were areas in his budget that were negotiable. With some tweaking and the guidance of his Counsellor, Jack entered into a DMP. His DMP payment would be \$450 per month. Jack's budget now looks like this:

	Monthly Budget		Enter New Amount
Rent (has a roommate)	450		450
Hydro (shares with roommate)	30		30
Cell Phone	60		60
Cable (shares with roommate)	50		50
Groceries	300		250
Personal Care	30		25
Gasoline	75		75
Car Insurance	120		120
Car Maintenance	42		42
Prescriptions	21		21
Bank Fees	12		12
Lunches/Breaks	60		40
Clothing/Shoes	75		65
Eating Out	40		40
Entertainment	100		55
Hair Care	5		5
Gifts/Occasions	42		35
Emergency Savings	25		25
RRSPs	0		25
Debt Payments	675	New DMP payment	450
<b>TOTAL</b>	<b>2,212</b>		<b>1,875</b>

## YOU BE THE EXPERT!

Based on Jack's new budget, what should his focus be for the next 12 months? Savings? Paying down his DMP? Planning for seasonal expenses?

Would you have changed any other expenses?

◀ Expenses now in-line with income

# Checking Your Progress

Checking in along the way is a good strategy. It will help you see what you've accomplished to date, help you clearly identify where you are headed and help determine if you need to correct your course.

We have kept all of the check-ins in one place in the workbook, but you will come back to this section as you reach various milestones.

## These milestones include:

- making your first payment
- attending 2 webinars
- completing the first 6 months of your program
- finishing your first year
- finishing each subsequent year
- finally, making your very last payment

## As you achieve your milestones, here are some questions to ask yourself:

### › Congratulations, you've made the first payment on your DMP!

- How did it feel to make the first payment on your DMP?  
\_\_\_\_\_
- Do you believe that you have positioned yourself for success to continue making monthly payments? Yes or No  
\_\_\_\_\_
- Is there anything else you need to do to set yourself up for ongoing success?  
\_\_\_\_\_
- Have you put money aside for irregular expenses? Yes or No  
\_\_\_\_\_
- If not, what do you need to do to jumpstart your irregular savings account?  
\_\_\_\_\_

date achieved:



› You are on your way! The first 3 months of your DMP...

- Have you attended your first Making Cent\$ of Money webinar? Yes or No

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- Have you been tracking your expenses? Yes or No

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- If yes, what are you noticing?

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- If no, what is stopping you from tracking your expenses?

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date achieved:

› Way to go! You've completed the first 6 months of your DMP!

- How has it been for you (and your family) adjusting to living on a budget without credit?

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- What changes have you had to make?

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- What's been working well for you these past 6 months?

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- What have been some of your challenges and how are you addressing them?

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- What kind of supports do you have in place to ensure your success?

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- Have you put money aside for irregular expenses? Yes or No

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- If not, what do you need to do to jumpstart your irregular savings account?

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date achieved:

› **Wow! You've paid off the first year of your DMP!**

- Have you attended your second Making Cent\$ of Money webinar? Yes or No

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- What have you learned in the first year of your DMP?

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- What skills do you have more confidence in now that your first year is done?

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- What skills do you need to work on to continue with your success?

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- How much have you set aside for irregular expenses and savings?

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› **Amazing job! You have successfully paid off your DMP!**

- How will you continue to ensure your success now that you are debt free?

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- What will you do now with your monthly payment now that your DMP is paid off?

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- What kind of money management person are you now that you are debt free?

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date achieved:

date achieved:







## GETTING ORGANIZED!

To get started on your road to financial success here are some tips on how to get organized. You'll be amazed at how good you feel once you get a system in place – when you're in control of your finances you feel in control of your life!

How to create an office in a box - you will need:

- File box – plastic, cardboard, or accordion style or use a filing cabinet if you have one
- File folders and labels
- Pens, pencils, tape, stapler, paperclips, envelopes, and postage

Create a file folder for each of the following categories:

- Chequing accounts
- Savings accounts
- Retirement & investment accounts
- Debt Management Program documents
- Credit products (even though you're on the DMP, keep any statements that come in)
- Credit card accounts
- Loans
- Personal lines of credit
- Mortgage
- Insurance: life, disability, health, critical illness, home, car
- Estate: wills & powers of attorney
- Tax returns
- Utilities: hydro, gas, cable, telephone, oil, cell phone
- Receipts (for major purchases/warranty)

Also create two bills folders – one “Bills 1-15” and the other “Bills 16-31”

## KEEPING THINGS ORGANIZED...

- Getting started. When a bill comes in, take it out of the envelope and recycle all of the inserts and envelopes. Put the bill in the appropriate folder for when it is due (1st – 15th or 16th – 31st). If the bill is an automatic payment, write a letter “A” at the top.
- Make a weekly date with your money. Pay your bills in the same place each week so that you have everything you need on hand (computer, pens, envelopes, postage, stapler, etc.).
- Pay your bills on time. Each week pay bills that will be due before your next money date and check that automatic bill payments have gone through on time. Once each bill is paid, file it in the appropriate folder.
- Clean it up. Once each year, go through your office in a box and throw out bills and receipts that you no longer require for budgeting or auditing purposes. If you need to keep anything from the previous year, create a folder with that year on the label and file these things there.

**Quick Tip:** getting organized and reading your statements will protect you against identity fraud. There are tons of marketing campaigns encouraging people to sign up for credit alerts. Check your statements monthly and order a free copy of your credit report yearly to save yourself \$\$\$ and headaches. Visit [MyMoneyCoach.ca](http://MyMoneyCoach.ca) for more information about how to get your own credit report for free.





# Bon Voyage,

It is 9 months later and Jack is doing well with his DMP. He has already paid off over \$4,000 of his debt!

Still being young and single, and keeping his eye open for interesting and exciting prospects, Jack decided to seize a new job opportunity. He quickly called his CSR, Kim, to let her know he accepted a job on a cruise ship. He is very excited about the new position but is worried about being able to manage his DMP. His main concern is that his income will be less than before.

With important changes just around the corner, Kim suggested that Jack discuss the details with Sharon. Sharon helped Jack evaluate his new financial situation; income and expenses.

His monthly income will drop from \$1,875 to \$1,500; a significant decrease of almost \$400. That said, he told Sharon that because he is living on the ship, his meals and housing are covered with his new job.

# Jack!

	Monthly Budget	Enter New Amount
Rent (has a roommate)	450	
Hydro (shares with roommate)	30	
Cell Phone	60	
Cable (shares with roommate)	50	
Groceries	250	
Personal Care	25	
Gasoline	75	
Car Insurance	120	
Maintenance	42	
Prescriptions	21	
Bank Fees	12	
Lunches/Breaks	40	
Clothing/Shoes	65	
Eating Out	40	
Entertainment	55	
Hair Care	5	
Gifts/Occasions	35	
Emergency Savings	25	
RRSPs	25	
Debt Payments	450	
<b>TOTAL</b>	<b>1,875</b>	

**New Income** \$1,500 - =  
minus expenses on the ship savings??

You've probably found that Jack might even be able to save money while working aboard the ship! No rent, hydro or cable. No food. Probably no transportation expenses either. Is there another opportunity for Jack? It is time to **deposit funds into savings!** But for what...?

## YOU BE THE EXPERT!

What do you think Jack needs to adjust in his budget in order to continue to make his DMP payments?

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# There's More To It Than Meets the Eye – Your Values

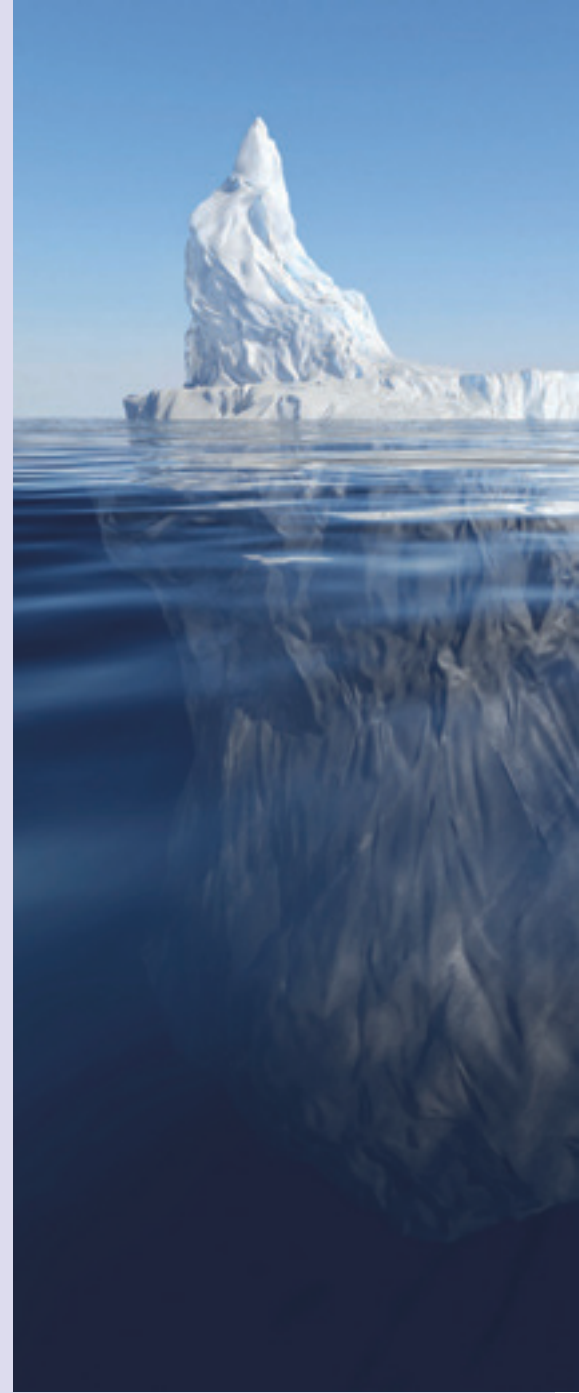
We're going to change gears a little and move towards some reflection about what money means to you. This is important because once you understand the meaning of money to you personally, you can make decisions that fit best with who you are.

Did you know that the choices you make with your money reflect your values? **We spend money on the things we value.** But when was the last time you thought about what money means to you?

Think of an iceberg when you think about the meaning of money. What an impressive image. It is hard to believe that only 10% of the entire iceberg is actually visible to the eye. That means that there is just so much more of this majestic mass that lies beneath the surface.

When it comes to money, the tip of the iceberg, the **10%** that is showing, is your behaviour – what you spend. **This is what you and others see.**

But if we look below the surface, we see that **90%** of your money make-up is really about your values and beliefs about money – **what you think.**





## LET'S DIVE A LITTLE DEEPER

Once you become aware of what money means to you, then you can start to change your behaviours so that they match with your values. This is beneficial because:

- Financial decisions will be easier to make
- It will be easier to stick with your decisions
- You will feel better about your decisions because they are in line with your values

**So let's try something. Think about your money values and ask yourself the following questions:**

**When I don't have a lot of money, I feel** (you're likely to find some values underneath those words)...

Scared	Unsafe	Isolated	Lazy
Trapped	Stressed	Un-fun	Poor
Dependent	Aimless	Incompetent	Worthless

**Money gives me a sense of...**

Safety & Security	Wealth	Competence	Self-respect
Belonging	Aspiration	Status	Fun
Purpose	Freedom	Independence	Peace

You can have more than one value. For example, money may make you feel safe and secure as well as give you freedom to do the things you want.

Now that you have listed 2-3 values that you hold true, let's talk about how to incorporate these into what you do.

**Work through the following questions to help you:**

My primary and secondary money values are:

These values are important to me because:

When I disregard these money values, I notice the following things happen in my life:

What are some things I can do that are in line with these money values?

What are some obstacles that may be in my way to acting in line with these money values?

What are some things that I can do right now to overcome, sidestep, get around or avoid these obstacles?

By consistently acting in line with my money values, I will achieve the following:

When you become aware of the role money plays in your life, you can act accordingly. When you do this, you focus on the right things; what you need to do to achieve your goals and get to where you want to be.

# Onwards & Upwards!



Jack has returned to dry land. After experimenting with a job at sea, he realized it wasn't his cup of tea. It was not all for nothing though – Jack met Alison! (More on them later.) He also managed to accumulate a healthy emergency fund (built up to \$1,775 from \$500 when he started his DMP) but wasn't able to save as much as he had hoped. The entertainment bug got the better of him.

Jack had no problem maintaining his DMP and has made 27 payments of \$450 per month towards his program. He called Sharon a few weeks after he returned home to review things again. A lot has changed.

Jack left his old job, working at the front desk of a hotel, on good terms. He talked to his boss and they're happy to have him back. And, not only did he get his job back, but his boss gave him a supervisory position with a better wage.

Jack told Sharon that his new girlfriend, Alison, plans to move back to Canada in a few months and they're going to move in together. Jack will have increased expenses (specifically, housing and utilities) until Alison arrives and starts contributing.

### Here's a snapshot of his new situation:

#### Monthly Income and Expenses

Net income (after tax)	\$2,000
Monthly expenses	\$2,270
(including debt payments)	<b>-\$270</b>

#### Assets

8 1/2 year old car	\$7,000
RRSPs (no longer contributing)	\$1,000
Emergency fund (Savings account)	\$1,775
Total Assets	<b>\$9,775</b>

(Jack's waiting for Alison)

**Wow!** This is not what Jack expected.

To help him think about his future plans, Sharon suggested they start by discussing the values Jack has around money. Jack said he values freedom, fun, independence and security.

When we first met Jack, we found out he used credit for the "fun" stuff and didn't save as much money on the ship because he chose to spend it on entertainment. But, he also values independence and freedom which he said getting out of debt will bring him. That's what prompted him to call CCS in the first place.

#### Monthly Budget

Rent	800
Hydro	45
Cell Phone	60
Cable	80
Groceries	250
Personal Care	25
Gasoline	75
Car Insurance	120
Maintenance	42
Prescriptions	21
Bank Fees	12
Lunches/Breaks	40
Clothing/Shoes	65
Eating Out	40
Entertainment	55
Hair Care	5
Gifts/Occasions	35
Emergency Savings	25
RRSPs	25
Debt Payments	450
<b>TOTAL</b>	<b>2,270</b>
Net Income	\$2,000
Minus	
Monthly Expenses	\$2,270
	<b>-\$270</b>

Sharon asked Jack what would help him get there..... Stay tuned.

# Dream Big – Your Goals

Now that you understand what money means to you, let's start thinking about what you want to do with your money.

**What do you really want?** When was the last time you asked yourself (or each other) that question? When we're saddled with debt, most of our thoughts are laced with words like **should**, **can't**, **have to** and comments like **if only...** and **I wish....**

But things are different now, aren't they? You are working towards being debt free. You are in control of your money. So let's work together to turn the words like **I should**, **I can't** and **I have to** into words like **I want to**, **I can** and **I will**.

Think about the original question again – what do you really want?

- Savings?
- A car?
- A family trip?
- A dinner out with your spouse or partner?
- A home of your own?
- Your own private jet?



**Write down 3 things you want...**

I want \_\_\_\_\_

I want \_\_\_\_\_

I want \_\_\_\_\_

Good money management starts with **setting goals**; they can be as grand or as simple as you wish. The point is however, that they are your goals and they matter.

Goals give you:

- Direction
- Purpose for the way you spend your money and the way you live
- Motivation to balance your spending and savings to reach them

Think back to the section on values, where we talked about what money means to us. Now let's think about how these things you want, link up to your values.

*"People who say it cannot be done should not interrupt those who are doing it."* – Author Unknown

*"Your goals are the road maps that guide you and show you what is possible for your life."* – Les Brown

### For example:

I want to take a summer vacation with my family because it will make me feel / give me a sense of togetherness. This is important to me because I value time with my family.

### Your turn:

I want \_\_\_\_\_

because it will make me feel / give me a sense of \_\_\_\_\_

This is important to me because \_\_\_\_\_

**Great!** Now that you know why you want something (you've put your finger on your values), getting what you want will be that much easier. Consider the details:

My goal is \_\_\_\_\_

I want to achieve it by \_\_\_\_\_

The total cost of my goal is \$ \_\_\_\_\_

I will have to set aside \$ \_\_\_\_\_ each month in order to achieve my goal.

I'm doing this because \_\_\_\_\_

I will stay on track in the following ways: \_\_\_\_\_



Typically goals have 3 timelines: short, medium and long-term. The definition of each timeline can vary. As an example, a short-term goal can be within a few months or even a few weeks.

MY/OUR FINANCIAL GOALS:

**Within the next 6 months:**

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**Within the next year:**

**Example:** We want to save up 1 months worth of living expenses. Cost: \$1800. Monthly Amount Needed: \$150. How: Reduce grocery budget by \$15/week. Reduce entertainment budget by \$10/week. Start taking transit to work and reduce fuel costs by \$50 per month. It will take 12 months to achieve my goal.

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**Within the next 5 years:**

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Review your goals often; update and change what no longer fits. **Create new goals.**  
But remember, goals guide you, so you can't do without!



## Securing Your Success! Anchor Your Goals

**Sometimes we need help remembering to remember to stay on track.**

These can be pictures, sounds, words, feelings or any kind of object can help us remember. This “thing” helps anchor, or link, us to our goals. It’s kind of like in the olden days when a string was tied around your finger to help you remember something.

Perhaps you’ve heard of the popular “vision board” where people create a board of visual reminders of their goals – these images can reflect your values and your goals. Some examples can include but are definitely not limited to: home, work, family, health, travel, retirement, and children.

Some people like to choose a song that reflects their goals. Every time this song is played, they are reminded of their goals.

And some people like to use objects to remind them of their goals. These objects could be anything like a miniature car to show that you are saving up for a car, or perhaps a piggy bank to remind you of what you are saving for. The sky is the limit!

For your first goal, what would be something that would anchor you?

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**Try this for your 2nd or 3rd goals as well.** Remember it can be anything. The decals you were given as part of this book are also a tool to help secure your success and reach your goals.

## MEET ALISON

Alison finally arrived 9 months after Jack - much later than expected due to her contract on the cruise ship and a pit stop at her parents' home in Ontario.

The delay caused Jack's budget a lot of grief. Remember his shortfall of -\$270? He wasn't expecting to be in a long-distance relationship for 9 months or in a shortfall position. In order to survive the last 9 months, Jack made big cuts to his budget. Clothing, eating out, entertainment and gifts were all temporarily put on hold. He was definitely looking forward to sharing the costs with Alison and having extra money left over.

Alison moved into Jack's apartment and immediately started looking for work. Though she took a break after law school, it didn't take her long to find a job given her dynamic personality, education and experience. She was scooped up as an articling student at a medium-sized Calgary law firm and is earning \$2,100 net per month.

Jack, now 30, and Alison, 28, are working on getting settled together, but it looks like Jack will still carry a lot of the household expenses. Unfortunately, a large chunk of Alison's income is going towards her debt. On the cruise ship, she was very disciplined and paid down a hefty portion of her student loans, but she still has a total of \$32,000 outstanding, plus a car lease that she took just after she got her job.



Her “musts” are:

	Total Owing	Monthly Payment
Student Loans	\$21,000	\$275
Credit Cards and Loans	\$11,000	\$330
Car Lease		\$425
Car Insurance		\$181
Gas		\$150
<b>TOTAL EXPENSES</b>		<b>\$1,361</b>

Alison's net income	\$2,100
<b>minus</b>	
Monthly Expenses	\$1,361
	<b>\$739</b>

Alison has no assets.

Above the car expenses, Alison can contribute \$739 to the household. She'd like to contribute more into a savings account for a home, but realizes very quickly that she can't until her debts are paid. Joining two sets of finances together can be tricky. Each person brings their own values and beliefs about money and has their own financial goals.

After receiving a progress report from Kim, Jack's CSR, Jack suggested he and Alison meet with his Counsellor at CCS. Sharon opened up a discussion about values and goal setting to help them each have a chance to share their vision. Surprisingly, both Jack and Alison value the freedom of being debt-free. They also value family and financial security. (Did you notice that Jack's values changed? This is normal as someone enters different stages of their life.)

**Here are some of the goals that Jack and Alison worked on with Sharon.**

We want to pay off Jack's DMP in 1 year. 3 years are already completed. It will cost \$10,800. It will take \$900 per month (double payments).

**AND**

We want to save at least \$8,000 over the next 2 years to put towards a down payment on a home. We have to set aside \$335 per month in a Tax Free Savings Account (TFSA).



The next step was looking at their combined income and living expenses (some were actual, tracked numbers and some were expected or guesstimated).

	Monthly Budget	Enter New Amount
Rent	800	
Hydro	45	
Cell Phone (2)	120	
Cable & Internet	80	
Groceries	400	
Personal Care	80	
Gasoline (2 cars)	270	
Car Insurance	301	
Car Repairs (routine only)	67	
Prescriptions	50	
Bank Fees	26	
Lunches/Breaks	100	
Clothing/Shoes	150	
Eating Out	100	
Entertainment	70	
Hair Care	45	
Gifts/Occasions	80	
Emergency Savings	25	
RRSPs – only Jack's	25	
Car Lease Payment	425	
Alison's debt payments	605	
Jack's DMP payment	450	
<b>TOTAL</b>	<b>4314</b>	



## Combined Monthly Income & Expenses

Net income (after tax) (\$2,000 + \$2,100)	\$4,100
Monthly expenses (including debt payments)	<u>\$4,314</u> -\$214

### Goals are SMART!

- S** – Specific – saying “I want to be rich” won’t work; it is too general.
- M** – Measurable – use real numbers to gauge your performance.
- A** – Achievable – set goals within your reach; e.g., paying a 25 year mortgage off in 5 years is not achievable for most people.
- R** – Realistic – be sensible and honest about the facts of your situation.
- T** – Timed – you need a start and end date.

### YOU BE THE EXPERT!

What should Jack and Alison’s first steps be?  
Reduce expenses? Sell assets? Increase income?

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Are their goals SMART?

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Perhaps creating a plan or a budget is the next best step. Creating a household budget together will help Jack and Alison figure out how they can balance their income and expenses as well as their values and short and long term goals.

Jack and Alison decided to put a picture of a house on their fridge – a spot they see often! They told Sharon that this is their reminder (a visual anchor) of what getting out of debt means to them: freedom, independence, security, a place to raise a family and an investment opportunity.



The background of the entire image is a close-up, high-angle shot of a lush green lawn. The grass blades are vibrant green and densely packed, creating a textured, slightly out-of-focus background. The lighting is bright, suggesting a sunny day, which highlights the individual blades of grass.

One of the  
Smartest Things  
You Can Do  
for your Money

Track your  
Spending



We are changing gears again and focusing on building some very important money management skills. In this section you will learn to track your money, create a budget, plan your paycheck, and create some savings to deal with emergencies and irregular expenses. So let's get started...

### **Does it seem like your cash just disappears into thin air?**

**To find out what actually happens to it, keep track of your spending.**

- It's the best way to see where you can save money (cha-ching!).
- Is the only way to find out where your money is really going.
- It's the first step in creating a realistic spending plan (we'll get to that later).

### **Maybe you've found yourself thinking:**

- This is too much bother!
- I don't need to do that. I already know where I spend my money.
- It's too much work!
- It's depressing!
- I feel guilty so I don't spend.

But, if you've got a good idea of what your spending habits are, you can make choices and changes. Even cut back on things you don't need, or find the money for some extras!

### **Wouldn't it be nice to:**

- finally know where your money is going?
- establish healthy financial habits?
- create a realistic budget that you can live with?

### **The trick to tracking is to keep it super simple (K.I.S.S.).**

**If you've never done this before or if you're a bit rusty...**

- Just pick 2 or 3 categories that you're curious about. Maybe it's your grocery budget, eating out, entertainment or gas.
- Write down everything you spend in those 2 or 3 categories for a couple of weeks  
- maybe even a month.

# Here are some tricks to make

## Use an expense tracking booklet

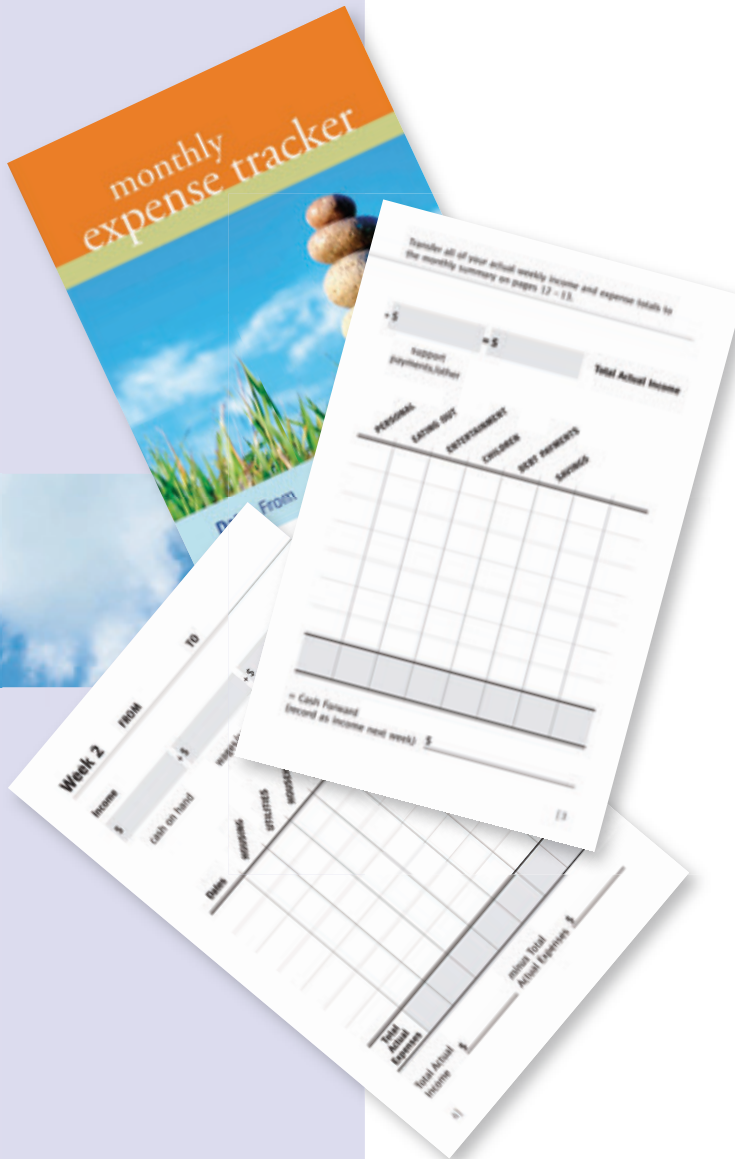
A booklet small enough to carry with you in your purse or pocket makes tracking easier because you do not feel weighed down by a huge notebook or envelopes full of receipts. When you spend money, jot down the amounts under the labelled categories in your tracker. You can find a great expense tracker on the CCS website that has pre-set categories and you can even add your own. You'll find the expense tracker on [MyMoneyCoach.ca](http://MyMoneyCoach.ca) in the budgeting section.

## Request receipts

Depending on your attitudes and values towards money, you may feel that using only cash is a better way to control your spending habits. It lets you actually “see” and “feel” what’s going out. If you decide to go with cash only, even just for a while, remember to get a receipt for everything! Plan to categorize spending at the end of each day and summarize it each week.

## Use your debit card for convenience

If you pay with your debit card, you can check up on your spending through online banking or on your monthly statement. With cash you must be very diligent with writing your expenses down. Whichever you choose - cash or debit - you want to end up with a written record of your spending.



# tracking a bit easier and to help save time (and money!)

## Time saving computer software

Tracking expenses using computer software or a pre-made online expense tracker may be more appealing to someone on the go. You could even text or email your expenses from your smart phone to your home computer. There are also smart phone applications that are designed to make tracking your expenses quick and easy. Just don't let the software you choose hold you back from getting started while you learn how to use it!

Don't get discouraged if you forget to track one day; all is not lost! Pick it up again right away and you will still get the benefits of this very important step.

## Keep it simple – and organized

Separate your expenses into categories that will help you figure out where you may want to examine your spending and where you could potentially save. Here are some example categories:

- Housing
- Groceries
- Clothing and Shoes
- Entertainment
- Savings
- Utilities
- Transportation
- Eating Out
- Health Care

You can also add personalized categories that fit your life, for example:

- Kids
- Pets
- Coffee
- Books
- Recreation
- Travel
- Hobbies



# “Why am I tracking my expenses?”



Now let's look at your information and think about what you've learned...

1. What did you notice? Were there any surprises?

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2. Were there any areas where you found you were spending more or less than you thought?

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3. In what way might keeping track of your expenses help you reach your goals?

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4. Is your spending in line with your values and goals?

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5. If yes, how can you continue on this path? If not, what specifically do you need to do to align your spending with your goals and values?

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Make sure you set regular times to review your tracking. Now that you are completely aware of where money is going, you can work towards changes that will help you reach your financial goals!

## ARE YOU SELF-EMPLOYED?

Consider outsourcing your organizing and sorting to a bookkeeper. When you have large amounts of business receipts or are working with money management reports, it may be faster to get help with separating business and personal expenses.



# Taking Back Control

## BY PLANNING YOUR BUDGET!

You've already designed a budget together with your Counsellor before starting your DMP. But, it's always good to re-visit your original draft. By trying this exercise again, you have the opportunity to:

- Tweak the numbers to get even closer to what you and your family actually spend or want to spend.
- Identify your categories – you may have forgotten some expenses the first time around.
- Discuss your spending and priorities with your partner and family members.

### “It's as Easy as 1, 2, 3”

1. Write down what income you typically receive each month.
2. Record an amount, either monthly or annually (then divide the total by 12 months) for each item you spend money on or plan to spend money on. Clothing and car repairs are two examples of things most people think of on an annual basis, rather than monthly. These expenses are marked with an asterisk on the following pages.
3. Subtract your expenses from your income. Ideally, you'd want to see a surplus.

If you have a shortfall, then it is time to rethink your income, expenses, or maybe both.



	Initial	Revised
<b>HOUSING EXPENSES</b>		
first mortgage		
second mortgage		
rent		
property taxes *		
strata fee / pad rental		
house / tenant insurance		
hydro		
gas		
alternate heating source		
water / sewer / garbage *		
phone (incl. long distance)		
cell phone(s)		
cable		
internet		
storage locker		
home security		
repairs / maintenance *		
household items (e.g. décor, gardening supplies) *		
other		
<b>LIVING EXPENSES</b>		
groceries		
personal care (e.g. grooming, cosmetics)		
baby / infant needs (e.g. diapers, formula)		
laundry / dry cleaning		
bus / taxi		
fuel (vehicle 1 / vehicle 2)		
insurance (vehicle 1 / vehicle 2) *		
parking		

	Initial	Revised
auto maintenance *		
auto membership *		
<b>health expenses</b>		
provincial medical premiums		
specialists (e.g. massage, chiropractor, physiotherapy)		
eye care *		
prescriptions *		
dental / orthodontist *		
over-the-counter *		
deductibles / out-of-pocket *		
other		
<b>insurance</b>		
life insurance		
disability		
extended health		
other (e.g. critical illness, payment protection)		
pets / vet bills / insurance *		
bank fees / safety deposit box		
income tax instalments *		
other living expenses		
<b>WORK EXPENSES</b>		
daycare		
lunches / breaks (person 1)		
lunches / breaks (person 2)		
special / professional clothing *		
license fees / professional dues *		
work supplies (e.g. tools, classroom supplies) *		
other		

	Initial	Revised
<b>PERSONAL EXPENSES</b>		
clothing & shoes (adults) *		
tobacco		
alcohol		
recreation (e.g. sports equipment & fees, activities)		
fitness memberships		
eating out		
entertainment (e.g. movies, event tickets, social activities)		
lottery / gaming / bingo		
babysitting		
hair care *		
salon services (e.g. tanning, aesthetics) *		
magazines / newspapers / books		
education (tuition & supplies) *		
gifts / special occasions *		
hobbies *		
travel / vacations *		
donations / charity / assisting family *		
annual memberships (store, online, family, etc.) *		
other		
children		
clothing & shoes (kids) *		
allowance		
lessons / activities		
school supplies / fees *		
gifts *		
other		

The items identified with an asterisk (\*) occur irregularly throughout the year. It's important to set money aside for these so that you can pay for them when you need to.

	Initial	Revised
<b>PAYMENTS</b>		
child / spousal support		
secured debts		
money owed to family / friends		
credit cards		
loans		
line of credit		
student loan		
lease		
other debt payment		
emergency savings		
income tax (additional)		
RRSP		
RESP		
other savings payment		
<b>TOTAL EXPENSES</b>		

<b>INCOME</b>	
Wages	
Wages	
Pension	
Self-Employment Income	
Other	
(add up all sources of income) <b>Total Income</b>	\$
<b>Minus</b> Total Monthly Expenses	\$
<b>= Surplus or Deficit</b>	\$

Total up the expenses marked with an asterisk (\*). This amount is for the irregular expenses that pop up periodically throughout the year but may not be a predictable monthly expense like utilities.

The categories you identified as an irregular or annual expense (clothing, gifts, travel, vehicle repairs, etc.) plus your financial savings goals (RRSPs, emergency savings, etc.) will need to be carefully planned for and monitored. We'll show you how!

## CHECK YOUR (IM)PULSE

Now we are moving to some important topics like understanding impulse buying, planning for the unexpected, and planning for the holidays.

Saying no when it comes to buying something that we want can be very difficult. In fact, you may have noticed that before your DMP, saying “yes” was much easier because if you couldn’t pay for an item with cash, you used credit.

Now that you are on the DMP and taking control of your financial situation, you are learning the difference between a need and a want. You are setting aside money in your budget every month for your needs and planning for your wants. Something that may help you further is a deeper understanding of impulse spending.

Impulse spending is buying things that are outside of your budget plan that you may want but don’t necessarily need.

It is crucial that you become aware of what triggers decrease your personal resources and cause you to buy items impulsively. When you head out the door, keep your **TEMPO** in mind:

**Time of day:** is there a time of day when you have more energy? Shop when you have more energy and feel less stressed and pressured so that you will be able to make wiser choices.

**Environment:** are there certain environments that cause you to spend more or make you feel obligated to spend just because you’re there, e.g. craft fairs, home shows, malls, etc.? You may want to consider limiting how much time you spend in those tempting environments.

**Mood:** certain moods and emotional states deplete your energy and can make you more prone to impulse spending. Other moods colour your shopping with “rose coloured stickers” and everything looks like a great deal! Identify the moods that affect your spending behaviour: happy, sad, hungry, tired... and find ways to not shop during those times.

**Place:** is there a certain store or city that’s your weakness? Do you like to shop for craft supplies, home improvement tools or electronics at a favourite store? If there is a place to avoid, do all that you can to limit your opportunities to go there. If you must go, keep your money safe from yourself.

**Occasion:** is there a specific holiday or tradition that causes you to impulse buy? Does shopping with a certain friend contribute to unplanned spending? Do you spend impulsively when you know that you’ll be getting a lump sum of money but you haven’t gotten it yet (e.g. bonus at work)? Occasion-determined spending can be best controlled by having a budget that allows for seasonal and irregular expenses.

Once you know why you spend impulsively, make a plan for yourself about what you can do instead:

Possible Triggers	I tend to spend impulsively when ...	Instead I can ...
Time		
Environment		
Mood		
Place		
Occasion		

What were your anchors? Remember to use them.  
Anchors can be a great way of helping you control your “impulse” and securing your success.



# Too Much Month, Not Enough Money?

## PAYCHEQUE PLANNING

**Do you live paycheque to paycheque?**

Yes                  No

**If yes, how does that make you feel?**

Worried?                  Scared?

**Have you ever planned your paycheques before?** Yes                  No

Many people haven't, so don't think you're alone. A lot of people find it difficult to get control of their finances and end up living paycheque to paycheque. When an unplanned expense comes up they scramble to come up with the money and usually end up pulling out their credit card or borrowing from family.

Get in control of your money by developing a plan to save for those unexpected expenses so you don't need to use credit to make ends meet.

Here is an easy method for planning your paycheques. It's called the "Easy as 1, 2, 3: Organizing your Cash" method.

**The "Easy as 1, 2, 3" Approach** › you divide your entire budget into 3 different sections

### 1. Fixed Expenses

Categories to include:

- Housing
- Tuition
- Daycare
- Bill payments (utility or debt)
- Insurance payments (life, vehicle, pet)
- Fitness membership

### 2. Cash Expenses

Categories to include:

- Food
- Gasoline
- Cigarettes
- Alcohol
- Transit costs
- Entertainment (movies, eating out)
- Charitable donations
- Personal expenses

### 3. Savings

#### a) Irregular Expenses

Categories to include:

- Haircuts
- Gifts
- Kids' activities
- Clothing
- Annual travel
- Home and car repairs

#### b) Goal-Oriented Categories to include:

- RRSPs
  - RESPs
  - Short, medium and long-term goals
  - Emergency fund
- 
- Pre-sort your income by using 3 different bank accounts, one for each of the sections (fixed, cash and savings) – try to get bank accounts with no or low fees.
  - Once your "cash expenses" account reaches a \$0 balance, stop spending until your next pay.

## FROM PAYCHEQUE TO PAYCHEQUE

Jack and Alison have a little savings set aside now, but things aren't quite as smooth as they'd like. From time to time, they still feel short and the household expenses sometimes eat up Jack's entire pay. They spend the next 2 weeks pinching pennies, or dipping into the small savings they've got to cover off routine expenses. Jack and Alison know they can't be the first ones to struggle with this, so they look back at their workbook for ideas.... and find help for planning their pay cheques. You can too ~ keep reading!



Here's an example using Jack and Alison's budget. You can colour code the expenses into the different categories or list them in a column format – whatever works best for you.



	Monthly Budget		Enter New Amount
Rent	800	Fixed	
Hydro	45	Fixed	
Cell Phone (2)	120	Fixed	
Cable & Internet	80	Fixed	
Groceries	385	Cash	
Personal Care	80	Cash	
Gasoline (2 cars)	270	Cash	
Car Insurance	301	Fixed	
Car Repairs (routine only)	68	Savings	
Prescriptions	50	Fixed	
Bank Fees	26	Fixed	
Lunches/Breaks	60	Cash	
Clothing/Shoes	100	Savings	
Eating Out	50	Cash	
Entertainment	50	Cash	
Hair Care	45	Savings	
Gifts/Occasions	40	Savings	
Emergency Savings	25	Savings	
RRSPs – only Jack's	25	Savings	
Car Lease Payment	425	Fixed	
Alison's debt payments	605	Fixed	
Jack's DMP payment	450	Fixed	
<b>TOTAL</b>	<b>4,100</b>		

Fixed Expenses =  $\$2,902/2 = \$1,451$  per pay

Cash Expenses =  $\$895/4 = \$223.75$  per week

Savings =  $\$303/2 = \$151.50$  per pay

# Savings

**The question is, how? Why?  
How much more are we  
expected to stretch a dollar?**



Let's tackle this step by step. First, open a savings account. Remove the temptation to withdraw money (unless it is truly needed) by opening up your account at a brand new financial institution.

No savings account? Off you go...we'll wait until you're done.

Opened an account? Excellent, let's continue.

**So, why bother saving?** Well for two reasons really. The first reason is to ensure that your irregular or periodic expenses are covered. These are things like:

- insurance
- property taxes
- dental bills
- car repairs
- clothing
- gifts
- holidays
- school
- pet costs

If we don't set money aside for these expenses we have a bad habit of spending too much out of our paycheques and end up behind the eight ball again. Or we rely on credit. Sound familiar?

The second reason is to set money aside for our goals – these are our dreams and wish lists no matter how grand or simple they may be.

With your Counsellor's help you have already determined what can and should be set aside each month. The exercise on the following page will show you how to break down or allocate each amount. Is it 10% of your pay at this point? Probably not. However, the intent is to start...somewhere...anywhere. Keep in mind that up until recently, any savings you might have been able to set aside was probably used to keep your creditors from calling. It's time to change that!

Now that you have a savings account and are committed to using it, what values are you living by?

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**Hopefully, you're living by the values you mentioned previously in the workbook.**

# I Will Not Let Them Beat Me!

## Taking Control of Irregular Expenses and Savings

### Organize Your Savings

Now that you've got a workable budget and a goal to set money aside for irregular expenses and savings, it's time to put it in motion and keep an eye on things.

Remember the total of the asterisk items - the irregular expenses in your budget - and the total amount you wanted to put aside into savings? We'll give you some tips as to how to keep an eye on that money so that when an expense comes up, like back-to-school clothes or your sister's birthday, you'll have the cash on hand.

### You'll need:

- A notebook or computer software to record the "ins" and "outs"
- A savings account; maybe a few extra saving accounts for specific categories

**Your irregular expense total plus your emergency savings =  
the total money you'll set aside = NOT FOR SPENDING**

For example, if your irregular expense total is \$330 per month and emergency savings is \$70 per month, you'll set aside \$400 per month or \$200 per pay.

1. Record each "payment" of your irregular expenses into your savings account each pay period.
2. Assign each category its designated amount for the pay period, based on what your budget says you need to save for that category each month (i.e., if clothing represents \$60 per month out of your \$330 irregular expenses, jot down \$30 each pay under the clothing category).
3. When you spend money on these items, you'll need to minus the expense from both the account and the category.
4. Use pages 14 - 15 of the CCS Expense Tracker to record your planned expenses.



A photograph of a two-lane asphalt road with yellow double lines. The road surface is cracked and has several potholes, some of which are filled with water. In the foreground, there is an orange diamond-shaped construction sign with a black silhouette of a road bump. The sign is leaning against a metal frame. The background shows a line of green trees and a clear sky.

# Bumped, but not Bruised

## PLANNING FOR THE UNEXPECTED

We all run into unexpected bumps on the road to financial recovery. These bumps can range from unexpected small ticket items to major catastrophes. Even positive “bumps” can cause unexpected spending. If we haven’t planned ahead, bumps can cause a great deal of stress in our life.

Like in a good sports match, with a little protective padding and quick manoeuvring there are a few strategies that help us deal with the unexpected:

- **Avoid crises by pre-planning:** Setting aside money each month for irregular and emergency expenses will go a long way to dealing with a crisis when it arises.
- **Sidestep a crisis:** Ask yourself if the financial crisis needs to be dealt with immediately or not. For example, if you got a flat tire on your car and didn’t have the funds set aside to repair it this week, could you ride your bike to work, take public transit or catch a ride with a co-worker until you get paid next week?
- **Deal head-on with the crisis:** If you need to take the bull by the horns and deal with the financial crisis immediately, find ways to trim your budget (eating out, spending money, allowances, etc.). Sometimes, you may need to take extreme measures temporarily to solve the crisis, like totally eliminating any unnecessary expenses for a month. For people committed to their goals, a temporary belt tightening is doable.





It is important to recognize that bumps can be positive like having a baby, pursuing an education or relocating to a different city for other opportunities.

**Congratulations!** By answering these questions and having a plan, you are further ahead than most people in terms of planning how to cope with a financial crisis when it arrives. As someone once said, “Failing to plan is planning to fail!”

## Planning for the Unexpected

Ask yourself these questions as you set yourself up for success:

1) Looking back, how have I dealt with financial crises in the past?

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2) How well has that coping strategy worked for me financially?

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3) If I could go back in time, what would I do differently?

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4) Looking forward, how will I deal with a financial crisis when it arrives, now that I’m committed to my DMP?

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5) What can I start doing today to avoid a financial crisis?

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6) What kind of supports do I need to put in place in order to minimize the impact of a financial crisis?

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7) How will I recover after the financial crisis passes?

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## JACK AND ALISON, EXPECT THE UNEXPECTED

It's one year later and Jack and Alison are beginning to feel ahead of the game. This came from their hard work and effective goal setting, tracking and planning for irregular expenses. Jack's boss promoted him to front desk manager which meant a welcome raise. This raise will help Jack finish his DMP; he has about 1 year left.

Jack and Alison reviewed their goals and agreed on one more: to balance their budget for the year and not incur any debt. So, they agreed not to spend more than \$4,100 each month.

Paying down Jack's entire DMP in the year and saving an additional \$335 per month were reasonable goals to start with, but they became unrealistic in a hurry. They managed to cut back on discretionary spending to top up their savings account (for their dream home), but announced to Sharon during Jack's annual DMP review appointment that they were expecting their first child!

Though they weren't expecting to start a family so soon, Jack and Alison are thrilled and can't wait to meet their little one. But what will it mean for them financially? They have lots of questions swirling around in their heads. Will their current apartment have room for three? Will they have to cash in their savings to buy the baby things? What happens after Alison has the baby? Will they have enough income? What about their DMP and their goal of building up a down payment for a home?



Let's take another look  
at where they stand today.

### Monthly Income and Expenses

Jack's net income	\$2,300
Alison's net income	\$2,100
<b>minus</b> Monthly expenses (including debt payments)	<u>\$4,100</u>
<b>Surplus</b>	<b>\$300</b>

### Assets

10-year old car	\$5,000
Jack's RRSPs	\$2,100
Emergency fund (savings account)	\$3,000
<b>Total Assets</b>	<u><b>\$10,100</b></u>

### Debts (Liabilities)

Jack's DMP (down from \$22,500)	\$5,400
Student loan	\$20,000
Credit cards and loans	\$9,000
Car Lease (monthly payment in the budget)	\$425

### Total Debts

**\$34,400**

### YOU BE THE EXPERT!

What do you think they need to focus on in the next 6 to 12 months?  
(Remember, they're balancing their budget and have a surplus.)

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## “It’s the Most Wonderful Time of the Year!” ... so why does it seem so stressful?

### Holidays and Special Occasions

It seems that holidays and special occasions seem to bring us a great deal of worry and angst. Did we invite the right people? Do we have enough food? Does our home look the part? Did we buy the right gifts?

What about, can we afford to do this??

Before major collateral damage is done to your relationships or your pocketbook, take the following hints into consideration.

### Prioritize Your Holiday Values (activity)

Rank the importance of each statement using 1 to represent the most important and 7 (or greater) to represent the least important for you and your family. Use each number only once.

Holidays and special occasions are a time:

- \_\_\_\_\_ To enjoy being with family.
- \_\_\_\_\_ To exchange gifts with family and friends.
- \_\_\_\_\_ For parties, entertaining and visiting.
- \_\_\_\_\_ To help those who are less fortunate.
- \_\_\_\_\_ To create a beautiful home environment.
- \_\_\_\_\_ For relaxation and renewal.
- \_\_\_\_\_ To celebrate religious holidays.
- \_\_\_\_\_ To celebrate!

*Based on “Unplug the Christmas Machine” (Robinson & Staeheli) William Morrow, New York, 1982*

Prioritizing your values helps you decide how much money to spend, especially for holidays and special occasions. Now you can work out how much you need to save in advance.



Throughout your DMP and beyond, it's important that you set money aside for irregular expenses, things that many people pay for with credit. Holidays and special occasions fall into this category. Savings will help you stay out of debt.

- Determine the holidays and occasions you'll celebrate in the upcoming year (Christmas, New Year's, Hanukkah, Birthdays, Easter, Mother's/Father's Day, Thanksgiving, Super Bowl, Wedding/Baby Showers).
- Figure out what each occasion or holiday will cost, anticipating all related costs, including:
  - Gifts
  - Cards
  - Food
  - Eating out
  - Liquor
  - Donations
  - Wrapping
  - Postage
  - Travel
  - Decorations
  - Special clothing
- Add up the totals to get a yearly amount and divide by 12 (months)
- Plan to set this amount aside each month (maybe even in a separate bank account)

When special holidays arrive, you will not be caught off guard. The slow and steady approach to preparing for holidays will leave you feeling financially free and festive!

Jack and Alison are trying to put into action some planning around the upcoming events in their life. They've decided to put a limit on each event to stay within their budget.

EVENT & Yearly Amount Needed	Gifts and Cards	Wrapping	Postage	Extra Food & Liquor	Decorations	Clothes	Dining Out	TOTAL
Birthdays	\$200	\$25	\$0	\$40	\$40	\$0	\$0	\$305
Christmas	\$250	\$40	\$0	\$50	\$50	\$100		\$490
Thanksgiving, Easter				\$75				\$75
Anniversaries							\$90	\$90
Other								
							<b>TOTAL</b>	<b>\$960</b>
							Divide 12	\$80/ by month to save

**Jack and Alison know they need to save \$80 per month if they want to spend \$960 per year on the above events.**

## HOME SWEET HOME

Jack and Alison decided to take the bull by the horns, buckle down and deal with their upcoming costs. It paid off.

Whether they realized it or not, the trimming they had done in their budget to give them the ability to save, put them right at the head of the class. Though they hadn't intentionally pre-planned and trimmed spending for baby expenses (it was in anticipation of a home), they developed habits that they were able to continue during Jack's final year on his DMP.

During the 12 months Jack had left on his DMP, you, as the "Expert" in the last update, might have suggested they beef up their savings even more with the \$300 surplus they had each month. Well, Jack and Alison used a small portion of their savings to purchase baby items and to top up the Employment Insurance (maternity/parental benefits) they are receiving as the proud parents to healthy baby Emma, now 3 months old.

Just following Emma's birth, Jack made his final payment to his DMP. Shortly after, he received a letter from CCS. It read "Congratulations! You have completed your Debt Management Program!"

Jack and Alison took advantage of the opportunity to meet with Sharon for a planning session. Now, they had an additional \$450 each month, Jack's former DMP payment. They discussed possible scenarios including fast-tracking the repayment of Alison's debt (she owes just under \$28,000, but is managing to pay it down and not incur anymore debt), continuing with trying to top up their savings, or maybe a bit of both.





# Looking Ahead



We are coming to the end of our workbook and look at all that you have accomplished! In this section we focus on looking ahead, rebuilding credit and paying it forward.

**WOW!** Congratulations! You have successfully completed your Debt Management Program! You took the hard way out and successfully repaid your debts, lived without credit and learned to live within a budget. You've been developing skills and habits that will last the rest of your life.

Now that you are debt free, it's important to think about your financial future. Here are some questions to ask yourself as you embark on that journey.

### LOOKING BACK

1) Looking back, what did you learn while on a Debt Management Program?

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2) What are you most proud of?

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3) What do you still want to improve on?

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### REBUILDING CREDIT

4) What strategies will you use to rebuild your credit rating?

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5) What specifically will you do to maintain a good credit rating once you've rebuilt it?

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### SAVINGS

6) Now that you don't have a monthly DMP payment to make, what will you do with that extra money?

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7) Have you looked at opening up a Tax Free Savings Account or starting an RRSP?

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Jack and Alison decided to keep things simple and remain in their apartment for the time being. Though they still want to save for a down payment, buying their first home may take a bit longer. Alison stated that this was completely okay with them. They have come to realize that it's not a home with a white picket fence they value; it is being free of debt, having savings for the future and being together as a family – and that can happen anywhere!



## INSURANCE & ESTATE PLANNING

8) Are you and your family properly insured (home, health, vehicle, life)?

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9) Do you and your family have a legal will?

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## FUTURE GOALS

10) What are your short term financial goals (1-12 months)?

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11) What are your medium term financial goals (1-5 years)?

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12) What are your long term financial goals (5 years +)?

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13) What will it take financially and otherwise to achieve these goals?

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14) How will you ensure that you stay committed to your financial goals?

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15) What supports do you need to ensure your success?

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16) What will it be like once you achieve these goals?

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# Credit Reporting

One of the best ways  
to learn about  
credit reports and  
the reporting system  
is to see what  
yours looks like!

## What is a Credit Report?

A credit report is a rundown or summary of how you pay your creditors. A report is created only after you apply to borrow money. It records:

- how much you borrow
- how often you apply for credit (inquiries)
- credit limits
- scheduled payment amounts, if any
- how you make your payments (on time or late)

A credit report also lists personal information like your address, birthday and your employer.

Lenders provide the above information to credit reporting agencies that store and manage the information. When you apply for money, potential lenders will ask for your consent to obtain your credit report from these agencies.

## Take a look at your own Credit Report

Getting your personal copy is FREE! As it does not impact your credit rating or score, we recommend you get a copy at least once a year.

## Where do you get a Credit Report?

There are two credit reporting agencies in Canada: Equifax Canada and TransUnion Canada. Your credit report may contain different information with each company, so we recommend getting your report from both. Their contact information is below, or for more information, please visit our website, [MyMoneyCoach.ca](http://MyMoneyCoach.ca):

Equifax Canada	TransUnion Canada
Consumer Relations: 1-866-828-5961	Consumer Relations: 1-866-525-0262
Touch Tone Request: 1-800-465-7166	Touch Tone Request: 1-800-663-9980
<a href="http://Equifax.ca">Equifax.ca</a>	<a href="http://TransUnion.ca">TransUnion.ca</a>

### A Quick Note About Credit Scores.

Some people confuse their rating with their score. A credit score is a different type of system that provides lenders with an idea if you're likely to repay the money they lend you. You can get a copy of your credit score, but you will be charged a fee by Equifax and TransUnion. For all intents and purposes, if your credit report is accurate and you aren't struggling to deal with your debts, your credit score should be fine.

*"Running into debt isn't so bad. It's running into creditors that hurts."*

– Author Unknown

**Look for more information about credit reporting, credit scores and getting your own credit report for free on our educational website, [MyMoneyCoach.ca](http://MyMoneyCoach.ca).**

Have you already obtained your credit report? If not, when will you?

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## THE RATINGS

Your ratings can range from a "1" to a "9". "1" is the best – meaning you've kept the terms of the credit arrangement. "9" can mean the debts were sent to collections or that you've filed for bankruptcy. "2" through "5" demonstrate the number of missed payments. There is no "6". A "7" indicates a DMP or Orderly Payment of Debts. And, "8" represents repossession of property. These ratings stay on your credit file for six to seven years depending on which Province you live in. There may be slight modifications to length depending on certain debt repayment solutions (i.e., a second bankruptcy).

### What factors affect your credit rating?

- Your payment history – if you make your payments on time.
- How much you owe – the outstanding balances compared to your credit limits.
- How long your credit file has been open.
- How often you have applied for new credit – the number of inquiries made and the nature of the inquiries.
- The type of credit you have – consolidation loans, personal loans, lines of credit, credit cards, deferred interest plans. These all impact your credit differently.
- Collections items, judgments registered against you, bankruptcy.

### How can you positively affect your own credit rating?

- Check your credit report once a year.
- Have savings that you contribute to regularly.
- Maintain stability with your address and the industry you work in.
- Avoid using overdraft and having NSF charges.
- Only apply for the credit you need – one, maybe two credit cards with reasonable limits based on your income, are all you should need. Pay them off in full every month!
- Do not go over the credit limit on your credit cards – try to keep all credit card balances well below the limits at all times.





# Step by Step

## REBUILDING YOUR CREDIT RATING

You already know from your Counsellor that the debts on your DMP will have a “7” rating. While this number seems at the lower end of the ratings scale, it means that you are paying your debts, rather than not paying them. The rating is also temporary.

Once you’ve completed your DMP, you should be an expert at managing your money and be aware of how to use credit wisely. Rebuilding your credit rating is one of the “next steps” after completing your DMP.

For each account you have, you will receive a rating specific to your actions on that account. There are ways to rebuild and maintain a good credit rating, and these can start while you're on a DMP. Some examples are:

- Making secured and co-signed loan payments in full and on time (like your house or car)
- Keeping your utility and cell phone payments current
- Keeping up to date with student loan payments
- Using and paying off a secured credit card on a monthly basis (talk to a CCS staff member about how to obtain one)
- Using your bank account properly and avoiding NSF charges
- Making regular or extra DMP payments – the “7” rating will be removed from your report two years after your DMP is completed (or a maximum of six years from the start of your program)
- Taking the opportunity to apply for an unsecured credit card when you have successfully completed your DMP (talk to a CCS staff member about how to obtain one)

*“Time is the wisest Counsellor of all.”*

*– Pericles*

We think Pericles might be right. In this case, time is really the only way to take care of the unresolved credit issues and rebuild your credit rating, with the added benefit of getting to learn and practice sound money management ideas along the way!

# Where am I, NOW?

See just how far you've come by completing the “quiz” you did at the beginning of your program.



## POST DMP SELF-ASSESSMENT

**Scoring:** Each Never = 0 points  
Each Sometimes = 1 point  
Each Always = 2 points

### HOW DID YOU DO?

**15 – 20 Points** suggests you are practicing good money management skills. Way to go!

**10 – 15 Points** suggests you are making an effort toward improving your money management skills. Keep up the good work!

**0 – 10 Points** suggests you need to improve your money management skills. But that's okay. You've now identified the areas to work on – one step at a time!

date completed:

1) I always pay my rent / mortgage and utility bills on time.	Always / Sometimes / Never	
2) I save 10% of my net (after tax) income.	Always / Sometimes / Never	
3) I try to keep 3 months of my net income in reserve for emergencies.	Always / Sometimes / Never	
4) I plan ahead for large expenses like home / auto repairs and vacations.	Always / Sometimes / Never	
5) I set financial goals.	Always / Sometimes / Never	
6) I spend no more than 20% of my net income for credit payments, not including my mortgage.	Always / Sometimes / Never	
7) I comparison shop before I purchase goods and services.	Always / Sometimes / Never	
8) I control my money to live life instead of letting my money control my life.	Always / Sometimes / Never	
9) I monitor my monthly spending.	Always / Sometimes / Never	
10) I keep current about money by reading about financial and consumer-related topics.	Always / Sometimes / Never	

(add up all the points for each question) **Total Score**

You can refer to the first quiz you did at the beginning of the workbook. If we were the bettin' kind, we'd bet on the fact that you've improved your score! You've seized the opportunity to take charge of your finances and it probably feels terrific.

## PAY IT FORWARD

As we come to an end, you've likely discovered through this process that thoughts lead to actions. Actions are steps you take. Deciding to spend or not. Save or not. Borrow or not. You've discovered that by thinking about your money, not just how much you have or don't have, means you can step towards your goals and dreams. By thinking about money, you also think about what money means to you – your values and priorities.

So proudly claim what you've accomplished, as your journey has been no small task. You've shown integrity and resilience. You may have done it privately, but you've proven to yourself that when your values and priorities are in line with your "money-moves," you can feel really good about the decisions you make and finally reach your goals. Now, that just makes a lot of cents!!

If you know of anyone, a friend, family member or colleague that may need to take back control of their money, please pay it forward and let them know about us.

**NoMoreDebts.org**  
**MyMoneyCoach.ca**  
**1.888.527.8999**

