

2010 Financial Resolutions

Each New Year provides a new start and fresh promises. January is synonymous with overcrowded fitness & yoga studios and a run on fresh fruits, veggies and supplements as people with well intentions exercise their resolutions. Although fitness and diet are the obvious choices for a healthier New Year, financial pledges can also provide equal benefits.

I have included below some of my favourite (and achievable) financial resolutions for a more financially sound 2010. To meet with one of our trusted financial planners, contact us anytime at thehike@nelsoncu.com.

1) Budget

-Whatever your methods might be, be aware of where your money is going. On your Financial Hike, wealth is created by the difference between your income and expenses.

2) Debt

Without the reduction of debt, it is almost impossible to save money.

According to a recent Statistics Canada report, Canadians are deeper in debt than ever before. Household debt has increased by 1.6% and the household debt-to-income ratio has risen to a record 145%. This means that for every \$100 income, Canadians carry \$145 in debt.

-Most economists are expecting interest rates to rise this year. Can your cash-flow sustain an increase of one or two percent?

-Credit cards are great consumers of income, especially for those making minimum payments each month. January & February are particularly difficult periods, as Christmas givers experience the 'holiday spending hangover.' Make a personal declaration not to acquire any new credit card debt and work to eliminate it entirely. Cut up all unnecessary credit cards.

-Stop paying fees. Examine your Bank, Credit Union & credit card statements and call to discuss your options. We can help.

3) Investments

-Pay yourself first and increase your monthly savings/investments by 5%.

-Making regular monthly contributions is preferable to making irregular lump sums deposits/payments.

-Put a portion of each pay-cheque into an emergency fund (ideally 4 months' worth of expenses). Emergency funds along with proper insurance planning and strong credit ratings complete the First-Aid Kit of your Financial Hike.

4) On The Home-Front

Finances top the list of family disputes and causes for separation. Having open & honest conversations over money matters, lessen the likelihood of future problems. This advice is even more critical for couples at the start of their relationship.

- Write down your financial goals with your spouse and children. Emphasize to your children that the family income is not infinite. Chat about their education plans and funding responsibilities. Children still look to their parents first for financial guidance, despite a recent poll indicating that money is the topic most avoided in family discussions (even beating out sex). Introduce your children to the helpful resources at www.zippitydodog.com
- Take a course or attend a seminar on financial planning. Vow to become more financially literate.
- Obtain a written financial plan from a trusted financial planner.

5) Other

- Have 1 'spend-nothing' day per month. Buy things used and give second hand stores a second chance.
- Drive less. It's healthier for the environment as well as on the pocket book. Join a car-pool, the Nelson Car-Share Cooperative, or take advantage of the Tax Credit for Public Transit Passes.
- Research and support a charity of your choice. It is the act of giving that is important, not necessarily the amount of the donation. If cash is especially tight this year, consider volunteering your time instead.

Wishing you all the very best for 2010,

Bradley Roulston, CFP

