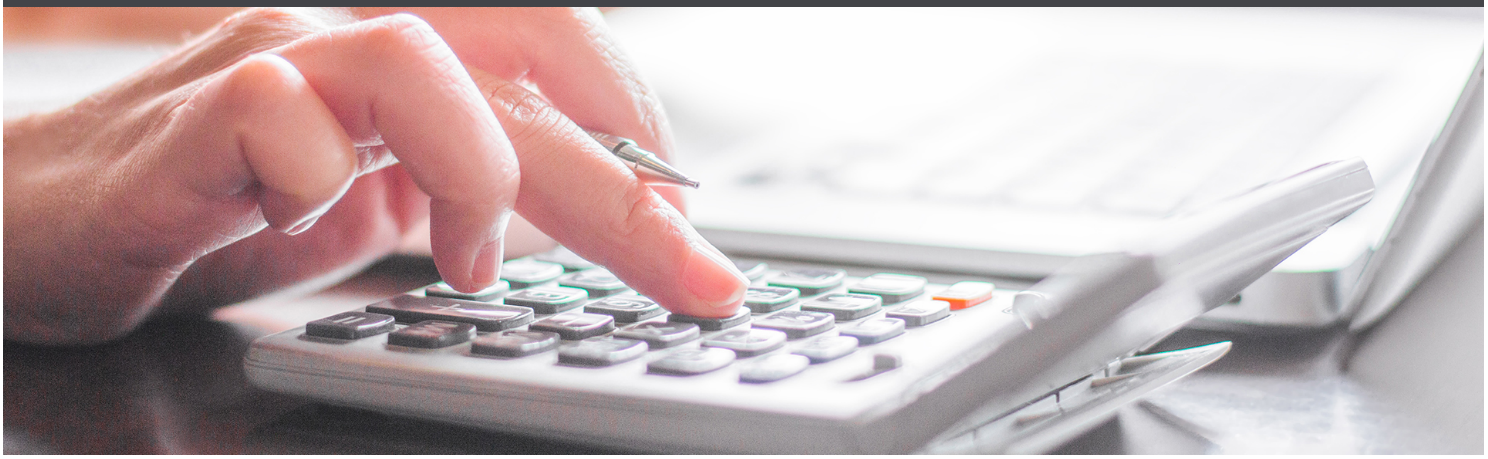

9 ways to get your finances in order in 2021

There are many reasons to organize and simplify your financial life. Eliminating clutter, saving time and reducing stress are surely among them. And here's another motivating factor: Not keeping tabs on your finances can be costly if it results in avoidable fees or interest charges, investment losses, additional taxes or other pitfalls.

Here are nine things you can do to get your finances in order — and keep them that way.

1. **Have your income paid directly into your bank account.**
   Most employers nowadays will pay your salary automatically into your bank account. If you don't have direct deposit yet, it's time to start. Direct deposit is a safer, easier and more convenient method than getting a paper cheque in the post. It ensures access to your money sooner, and it may even help you avoid bank fees.

2. **Set up direct debits for bills.**
   Many merchants, such as insurance companies or utilities, will give you a discount if you pay recurring bills by direct debit from your bank account or by credit card. And if you charge the bills to a credit card, pay the balance in full by the due date to avoid interest charges.

3. **Explore online banking.**
   Online banking lets you review deposits and withdrawals, keep track of your balance and move funds between accounts at your own convenience. Managing your account online can help provide easy access to past transactions and avoid potential overdraft fees.

4. **Put some savings on autopilot.**
   Set up a standing order with your bank to automatically transfer a certain amount into savings accounts or investments on a regular basis. Saving in this way can make it easier to build an emergency fund or save for the future.

5. **Consider consolidating accounts.**
   Think about how many financial institutions you use and how many accounts and credit cards you have. Consolidating accounts may help you simplify your finances, reduce correspondence and paperwork, avoid certain fees and even get better deals.

   Also, consider canceling credit cards you never use, preferably well before you apply for another loan in case dropping a long-time card temporarily lowers your credit score.

6. **Look into automated money-management tools.**
   Computer software or web services managed by your bank or a third party can give you an updated snapshot of all your account information from multiple institutions, in one place. The programs can also help you organise your finances, understand how you spend your money and spot a potential fraud or theft.

7. **Update your will and other legal documents, and make sure your family knows where to find them in an emergency.**
   These additional documents can range from bank statements and pension records to directives that govern what happens to your bank accounts, property and other assets if you become incapacitated.

   Also, check the beneficiaries listed on life insurance policies and retirement accounts. Consider updating documents that would enable someone to handle your finances or other personal matters if you lose the ability to do so.

8. **Get your other papers under control.**
   Even if you rely on technology, it's difficult to go completely paperless. Start with a central filing system at home for your bank, tax, insurance and other financial records. Also, designate one place for gathering your bills and get rid of the papers you're sure you don't need.

9. **Don't let a disaster catch you off guard.**
   If an emergency were to occur and you had only moments to evacuate your home, would you have access to cash, banking services and the personal identification you need to conduct your day-to-day financial life?

   One strategy is to store copies of important documents, such as your driving license, bank account numbers and credit card information, on a secure website that you can access from anywhere.

It pays to take the time to organize and simplify your financial life as it can save you hours and perhaps significant amounts of money in the long run.

Teach your kids about money

Financial skills are necessary for a successful life, but many people don't start to learn them until they reach adulthood. Personal finance and making smart financial decisions may not be included in your child's school curriculum, but kids need to be taught about finances to prepare them for independence. Parents should guide their young ones in sound money management, as they have the greatest influence on a child's financial practices.

Finances and family

Kids learn by doing. Research has indicated that children as young as 3 can understand the concept of saving and spending, and that children's money habits are formed by age 7. Therefore, it's never too early to begin teaching your children about money. While it's best to not share financial worries with your kids, talking with them about daily money decisions can be beneficial. For example, engage in conversation about what to buy at the grocery store, where you shop and how you pay bills.

You can also show children how to handle money by implementing some form of an allowance. Not every task should require payment, so it's good to have kids do some chores simply because they are part of the family. At the same time, paying your child for larger projects around the house can be a teaching tool for money management that helps to develop a strong work ethic. Consider developing an account where you match every dollar they set aside in savings. Their excitement will build as they watch their account double whenever they choose to save instead of spend.

Lessons through the ages

Children are ready to handle the beginning concepts of basic money management from preschool onward. Consider these financial tips through the stages of your child's development.

Preschool age lessons:

- Teach patience — Communicate to your child that we can't buy everything we want right away, and that sometimes we have to wait. Not every trip to the store equals a purchase.
- Separate — Help your child divide up birthday or chore money between what is saved, shared and spent. Consider using separate jars for each to serve as a visual aid so your child can easily see the money.
- Set goals — Work with your child to set a savings goal for something they want to buy and then do regular check-ins to help them see how much they've saved and how much is still needed.

Elementary school age lessons:

- Teach limits — Your child should be able to understand that there isn't an endless supply of money. There are real limitations, and you have to make choices about your spending.
- Make decisions — Have your child help with a family financial decision. For example, allow your child to pick out some items at the grocery store. Explain the cost differences between things like name brand and generic, and individual items versus buying in bulk. Give them a few dollars and see which items they choose.
- Vocalize — Talk through some of the questions you ask yourself when making purchases, such as, "Do we

really need this today?" or, "Is this something I can borrow?"

Middle school age lessons:

- Teach compound interest — Compound interest is when you make money, or interest, on both your savings and the interest you have already accrued. Teach your child about how to make money work for you. Practice the math of compound interest with them.
- Teach restraint — Help your middle school child refrain from small purchases when they are saving. Exercising restraint to save for a larger purchase is an invaluable skill.

High school age lessons:

- Compare — Show your child the differences between college costs and help them compare options. Teach them that education is a worthwhile investment in their future by comparing salaries of those with a high school diploma and those with a college degree.
- Plan for the future — Explain to your child what your plans are to save for their future. Communicate your financial plans, if any, toward their college education. This eliminates the guesswork regarding your involvement as they determine college plans.
- Research — Discuss college grant and scholarship options with your child. Research the pros and cons of student loans and the government programs available to help pay back that debt.

Teaching your children about money is necessary and can also be fun. One of the best ways to help them learn is to engage them in the financial decision-making activities in your household. Simply lecturing about good money principles is not nearly as successful as hands-on experience. As an added bonus, you might discover something that will improve your own financial planning.

Budgeting guideline basics

While it's true that your budget is specific to your situation, it’s useful to review basic guidelines for budget allocations. Keep in mind that you should tailor your budget to fit your needs. Many financial professionals agree that, in a typical budget, you might see income allocated as follows:

- Housing, including insurance: 30–35%
- Food: 15–20%
- Transportation, including insurance: 10–20%
- Debt, other than mortgage: 10%
- Savings: 5–10%
- Clothing: 5%
- Health care: 5%
- Utilities: 5%
- Other: 10–15%

Pay yourself first

When allocating money in your budget, it’s a good idea to remember to pay yourself first. This means that the savings portion of your budget should be fulfilled first. It can be difficult to put money in savings if it’s the last thing you do with your money each month. You may want to include an emergency fund as part of your savings. Typically, an emergency fund is a readily accessible, interest-bearing account where you keep two to three months’ living expenses. It may not be a good idea to use an instant access account for this type of savings, as you may be tempted to use the money for other things. Instead, you could use a savings or deposit account.

Is it working?

Keep in mind that the information above serves as a guideline to help you create your budget. Don’t worry if you need to make changes. Your budget or personal financial plan should be used as a living document that reflects your current circumstances. If you run into difficulty sticking to your budget, take a look at your:

- Goals — Did you set realistic, measurable goals? Remember that realistic goals can be achieved in a specified timeframe and measurable goals can be quantified.
- Spending — At the end of the month, are you out of cash? You may want to track your expenses over a 30-day period to see exactly where your money is going. In this way, you’ll be able to see exactly where you can make changes. A cup of coffee purchased each day on the way to work, for example, will cost you over $500 a year. Wouldn’t you rather use that money to pay off some of your debts or start saving for a holiday?
- Expectations — Did you think creating a budget would solve your financial problems? It’s true this is an important first step in creating financial health, but it’s also important to maintain the budget and make it work for you. It’s not a punishment; it’s a way to have control and continued financial success.

Don’t despair if it’s somewhat difficult at first. It will get easier with practice. Remember that creating and managing a budget plays a crucial part in your financial health.