

5 money mistakes to avoid

By Meredith Dault

From avoiding your finances to depending too much on credit, we all make mistakes when it comes to money. Check out our expert advice on how to avoid these classic money mistakes and achieve your financial goals.



Whether you thrive on pinching pennies or do everything in the world to avoid reading your bank statements, managing money is fact of life in the modern world. But too many Canadians are making mistakes that are keeping them from taking control of their finances.

Sheila Walkington is a Vancouver-based money coach and the co-founder of both Money Coaches Canada and the Women's Financial Learning Centre. She says the best way to get on top of your money and start achieving your financial goals is to avoid making

these simple money mistakes:

Money mistake #1: Being lazy with the little things

For Walkington, it's the little things that count. That's why she tells her clients to avoid wasting their money on bank fees for doing things like using bank machines other than their own, pulling out the debit card too many times a month, or dipping into their overdraft.

"A lot of people don't realize that your bank may charge you \$1.50 if you withdraw from a machine at another institution. If you add the fee they're already charging you, you could end up paying \$3 to take out \$20," she explains. Instead, she urges her clients to plan in advance, a move that she says can save up to \$30 a month.

She also says people get caught out paying redundant insurance fees on credit cards, simply because they haven't taken the time to look into what their existing coverage takes care of. "People think it's only \$9 a month but that's almost \$100 a year." She says that minding the small stuff definitely adds up.

Money mistake #2: Not being clear about your financial goals

While a lot of people may have a general sense of wanting to travel or to buy a house down the road, Walkington says too many people aren't clear enough about what they want and how they plan to get there.

"Instead, they're spending their money on things like lattes, shoes and alcohol, which is all fine except that I don't usually see 'I want to buy more lattes' on their financial goals page. But the fact is, that's where their money is going," she says.

The key to reaching your financial goals is to start defining them, she says. "It's a lot easier to say no to that latte when you know the \$5 you've saved is going into your travel fund or towards buying a house," she explains. "Putting your goals first can definitely make you more motivated about saving."

Money mistake #3: Avoiding finances altogether

From not opening their bank statements to not looking at their bills, Walkington says too many people have their heads in the sand when it comes to managing their money. She says she meets people who won't even discuss money with their partners, because it makes them too anxious, or because it will create conflict or guilt.

"We put so much money into avoiding money, that it ends up taking more energy and stress than it needs to," says Walkington.

Instead of hiding from money, she recommends facing the issue head on, either with help from a money coach, or by setting clear financial goals and working carefully towards them.

Though your money situation might feel out of control, Walkington says it's often not as bad as you think. "The reality is that they're just numbers on paper," she laughs. "It's actually less stressful to look at your statement and make a plan than it is to keep avoiding it!"

Money mistake #4: Not having a sense of how much you're spending

Most of us know what our big bills are every month (think mortgage or rent), but Walkington says too many Canadians don't have a grasp on how much money they're spending on smaller stuff. From buying groceries to new clothes, she says that these costs that can really add up.

Walkington advises keeping tabs on everything you're spending for a couple of months to get a good sense of where your money is going. She then recommends shunting money into designated accounts and not spending beyond it.

"For example, my husband and I have decided not to spend more than \$550 a month on groceries," she says, explaining that every pay day, she puts \$275 into a dedicated grocery account which they can both access. "When we get to the bottom of it, we have to stop spending and use up what we have."

Money mistake #5: Depending on credit

Walkington says too many Canadians still depend on credit to help them buy things they can't afford, but they do it with no plan for paying it off. Instead, she says more people need to focus on paying down their costly credit card debt before they wrack up more.

"The first goal really has to be to stop adding more debt," she says, "because I hear about a lot of people making payments, but not getting ahead because they're still using the card"

to buy things." If you've wracked up too much debt on plastic, try putting your credit card away and creating a budget -- and then make paying it down your first financial goal.

So stop making these common money mistakes and instead, start moving towards your financial goals. Walkington says that no matter how bleak your financial outlook may feel sometimes, taking control of your money is within easy reach. "I'm always amazed by how quickly people can turn around their finances once they start focusing on them," she says. "Let yourself be motivated by your goals."