

Get organized to save money

By Anne Bokma on February, 06 2014

“Where does all of our money go?!” It’s a cry heard in households across Canada. It may seem like your money is mysteriously disappearing into a black hole, but a little detective work is likely to reveal that easy credit, impulse purchases, sloppy tracking of expenses and a general lack of basic financial planning are to blame. Ready to kick start your dollar sense and get your financial house in order once and for all? A little basic organizing can get you on the right track for 2014. Here’s what to do.

1. Follow the money

If you are unsure about where your money is going, it’s time to find out. Financial software tools such as Quicken (about \$100) or mint.com (free) tie into your bank accounts and credit card bills to help you determine where every dime goes. They also allow you to set up a customized budget based on your spending habits.



2. Define your money goals

What is it you hope to accomplish over the short-term (five years), medium-term (five to 15 years) and long-term (more than 15 years)? Save for your kids’ education? Buy a new car? Pay off your house? Do a kitchen reno? “One of the biggest stressors I see with families is they feel they can’t afford to do it all – the solution is to step back, prioritize and put a timeline on it,” says Kurt Rosentreter, a senior financial planner with Manulife Securities in Toronto. “Then look at your income and your expenses to determine what you can achieve.”

3. Make a monthly money date with yourself

Paying too much in bank fees? Wondering if you could get cheaper insurance? Want a better deal on your cable? Thinking about changing financial advisors? Devote 30 minutes once a month to investigate each item on your financial to-do list, says Sheila Walkington, co-founder of B.C.-based Money Coaches Canada and co-author of *Unstuck: How to Get Out of Your Money Rut and Start Living the Life You Want*. “Often a simple phone call can get you a better deal. If you manage to save \$20 a month on your cable bill, that’s \$240 a year you can put in your travel savings so you can go away for a weekend.”

4. Carry cash

Take a predetermined amount of money out of the bank for your weekly expenses and once it’s gone, stop spending. That’s a strategy Toronto mom Deborah Dundas uses to save almost \$2,500 a year, a sum that was previously being lost in miscellaneous purchases. She and her husband allow themselves \$800 a month for groceries, gas and entertainment, and while they occasionally need to take out extra cash to get by, “we are now much more aware of where our money is going and we no longer fritter it away.”

5. Become conscious of your spending

Burlington, Ont., mom of two Denise Davy took the advice of a financial planner and tracked her spending for a year. She wrote down every penny she spent and discovered she was shelling out far more than she thought in certain areas, especially gifts. “All those birthday and Christmas presents really added up – it was working out to about \$150 a month. I cut that in half.” That one simple change netted her annual savings of \$900.

6. Pare down the credit

It’s simple, says Kurt – no one needs more than one credit card. Use it for convenience, but not to buy things you can’t afford. Avoid the perils of plastic by ditching the extras.

Organizers to get your papers in order

If you’ve ever misplaced a bill, forgotten to pay one promptly, or stuffed all your receipts into a shoebox to deal with at tax time, you’ve likely wasted time digging through piles of paperwork and wasted money by paying late fees. That never has to happen again. Here are some storage items to help you keep it all organized:

A “money spot”

If you still pay your bills the old-fashioned way (with envelopes and stamps), a “money spot” – perhaps an in-tray or attractive wall file in your office or kitchen – is a place to keep the file folders, plenty of stamps, envelopes and the cheque book. That way all your supplies are in one place when it comes time to write the cheques. Simplify things even more by doing all your banking online and you’ll never have to search for a stamp again. Sheila also recommends using Canada Post’s epost electronic document delivery service, which allows users to receive, view, pay and file bills all in one spot.

Small accordion folder

Household documents such as medical insurance records, credit card statements, bank statements and receipts can be filed in an accordion folder that takes up less space than a full file folder.

Filing cabinet

For long-term storage in a basement or home office, a two- or three-drawer lateral or vertical filing cabinet (a metal cabinet protects documents in case of fire) is a good idea. Store papers such as tax returns, insurance policies, homeowners’ records and wills here.

File folder

This will help you keep bill paying to less than 15 minutes a month, says Sheila. Create a simple filing system with two file folders – one for bills to be paid on the 1st of the month and the others for bills to be paid on the 15th. File bills accordingly as they come in and pay them twice a month.