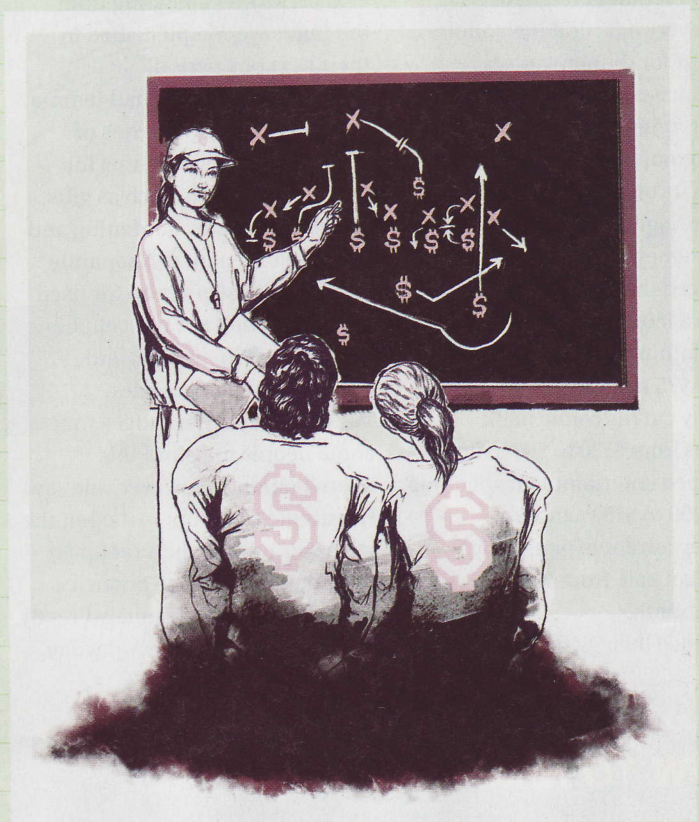
MEET THE MONEY COACH

A new breed of professionals has hit the boards, and they could provide the financial help you need.

BY ANNE BOKMA



When they married in 2007, Jemma and Jeremy Radick were counting on a few child-free years to pay off their $32,000 debt, most of it student loans. But just a few months after their wedding, they learned their first baby was on the way.

The Burnaby, B.C., couple had a household income of $97,000 a year, which would drop significantly once they took a yearlong combined maternity-parental leave. Facing rental costs of $1,700 a month and debt payments, the Radicks were barely making ends meet. "We had a lot of anxiety," says Jemma. "We were living paycheque to paycheque."

Looking for help, the couple turned to their bank and called a few financial advisers. "They were able to give us advice on making investments, but no one was interested in [telling] us how to save money," says Jemma. So the couple decided to hire a money coach (see "How to Hire a Money Coach," page 214). Sheila Walkington of Vancouver met with them four times over four months, tracking every penny the couple earned and spent to create a road map that would put them on a secure financial footing.

Walkington is a rare breed in Canada – a certified financial planner who doesn't sell financial products; instead, she makes money by showing other people how to save theirs. "Coaching isn't about handing over your money to someone – it's learning to handle it with confidence," she says.

GETTING HELP

Walkington charged the Radicks $1,500. And Jemma says it's the best money she's ever spent. Within the first six months the Radicks paid down $5,000 on their debt, saved $2,000 for the baby gear they needed for their daughter, Amelia, born in June 2008, and shelled out $1,200 for an unexpected brake job on their car. "Most important, we learned to budget so that we could survive on the reduced income we'd get during our maternity ▶

and parental leaves and be able to pay for day-care costs in the future," says Jemma.

The Radicks are typical of Walkington's clients – decent-income earners who haven't learned how to manage their money. After carefully tracking the couple's spending, Walkington discovered they were blowing through $1,500 a month in nonessentials (such as banking fees, clothing, takeout food and movies). Jemma bought her lunch every day, and the couple went out for dinner two or three times a week.

After meeting with Walkington, the Radicks put new limits on their spending. Here are eight key ways that they saved money.

- Reduced their grocery bill from $800 to $480 a month.
- Cut clothing purchases from $300 to $75 a month.
- Jeremy cut his comic book splurges from $120 to $60 a month.
- Dropped entertainment spending from $250 to $100 a month.
- Cut restaurant expenses by more than half, from $500 to $200 a month.
- Cancelled their gym memberships.
- Took public transit to save on gas and parking.
- Consolidated their cellphone plans.

Walkington also set up a system for the Radicks' discretionary purchases (such as meals out, alcohol, books and DVDs). Every two weeks, a specific amount of cash was put into an envelope for each category, and once the envelopes were empty, the couple put a lid on further spending until the funds were replenished in their next pay period.

Walkington also had Jemma and Jeremy set up a series of separate savings accounts for ongoing expenses, such as gifts, travel, car repairs, gardening and home maintenance. A separate account was also set up for fixed expenses, such as rent, cellphone bills and car insurance, and another just for groceries. Walkington acknowledges that some people may find this overwhelming. However, she says it's simple to set up: Just open the accounts online, then set up an automatic transfer to deposit a specific amount of money directly into each account every payday.

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While this many sound like a lot of work, it's worth it. Some of Walkington's clients have as many as 12 accounts. Other money coaches and financial planners recommend this system as well, because it is one of the best ways for you to keep track of your spending and saving.

Walkington also figured out how much money needed to be divvied up and automatically deposited into all of the Radicks' accounts each payday. Here's how that system works: Whenever they make a purchase on their debit card in one of the categories (say groceries), they then go online and transfer the money from the appropriate account into their main chequing account to ensure the payment is covered. And Walkington created a spreadsheet for the couple that automatically shows the Radicks' cash flow, so they know what they need to do each payday and can see their monthly progress.

Today Jemma and Jeremy still live by that spreadsheet. While their income dropped substantially during their maternity-parental leave, they still managed to save $400 a month. And since hiring Walkington more than a year ago, they've paid off $10,000 of their debt. "I view the money we spent on a coach as an investment in the rest of our lives," says Jemma. "Today we know where every cent of our money is going." ●

HOW TO HIRE A MONEY COACH

The Radicks found their money coach, Sheila Walkington of Money Really Matters in Vancouver, by logging on to the Financial Planners Standards Council website (www.fpsccanada.org), which allowed them to search for a certified financial planner (CFP) in their area. You can try this same route, or enter "money coach," along with the name of your city or province, into any search engine. **TIP:** Before you sign on, ask your potential coach what qualifications he or she has, and if you can call past clients. Money coaches aren't regulated and they aren't all CFPs – some are former bookkeepers.