

# How Should People Plan Ahead to Avoid Blowing Their Budgets in 2021

By

**Helen Burnett-Nichols**

-

January 7, 2021

With travel, get-togethers with friends and family, events and hobbies on hold for most of the last year, chances are, many Canadians will be ready to put their debit or credit cards into action on these much-loved activities as soon as it's safe. But is this post-COVID spending likely to blow our budgets?

Although some people will have the mindset of going overboard on purchases after feeling deprived in 2020, explains Kerri Jackson, a Toronto-based financial coach, this is actually an ideal opportunity to create intentionality with your money and ultimately move away from the instant gratification that many of us are used to, she says.

Here's how to plan ahead to avoid overspending when COVID is finally behind us:

**Re-examine your values:** For many people, the pandemic likely brought expenses into sharper focus. Maybe you used to head out on weekends away a few times a year — but is this something you want to spend money on in the post-COVID world? Now, says Jackson, is a great time to take a closer look at what is important to you — aligning your budget with your values may help prevent overspending later.

“You don’t have to go back to spending ways you used to [have] just because now you’re able to,” she says. “I’d really encourage people to bring some self-awareness as to what they actually want to be spending their money on, and then [setting] their budgets for 2021 or post-COVID with that intention.”

**Plan ahead:** To avoid overspending on future purchases, says [Daniel Evans, a certified financial planner and investment coach with Money Coaches Canada in Vancouver](#), put yourself in the mindset of a post-COVID world, where you can theoretically do whatever — or go wherever — you like.

“Play the role of ‘hey, there’s no COVID, what’s the first thing we’re going to do?’ he says.

Once you decide that you want to book a trip, for example, it’s time to budget.

“If it’s in your plan and you’re actually allocating money towards it, it’s less of a guilty purchase because you’ve already planned it out,” he says.

If your financial goals involve larger purchases post-pandemic, Jackson adds, it is helpful to ask yourself four questions before committing – ‘do I have the money available to buy this right now?’ ‘Is this the right purchase at this time?’ ‘What benefits does this purchase bring to my life?’ and ‘What would happen if I didn’t make this purchase?’

“It’s almost like introducing a pause before spontaneous spending and just really getting clear on what is this,” she says.

**Separate it out:** If you’ve managed to save money on commuting or lack of travel in 2020, and plan to put this money into action on a specific purchase after things return to ‘normal,’ it is also a good idea to set these funds aside in a separate savings account, says Evans. This way, there isn’t a danger of also accidentally spending some of your property tax money or emergency savings.