

How to stop worrying about money

By Martha Li • Bankrate.com

Fifty-two per cent of Canadians worry about money, according to a June 2013 survey by the Chartered Professional Accountants that polled 1,000 Canadians about their tax refunds and financial habits. Do you fall into the over half of the country's population who's troubled by their finances? If so, here's a look at five common financial situations and how to take control of them so those money woes don't keep you up all night.

1. My RRSP investments aren't doing so well.

"Investing is a long term strategy, so checking the values of your mutual funds too often will only add to short term euphoria when they're performing well and stress when they're not," says Sheila Walkington, co-founder of [Money Coaches Canada](#) and co-author of *Unstuck: How to Get Out of Your Money Rut and Start Living the Life You Want*. Get out of the habit of viewing your RRSPs too frequently. Develop a plan you're going to stick with for at least the next five or 10 years, and then monitor along the way at set intervals, for example, check once a quarter, twice a year, or meet with your financial planner annually.

2. I'll never pay off my consumer debt.

While Walkington believes there's nothing wrong with credit cards, debt, and lines of credit, she's also quick to point out they're not a means of financing a life of luxury. "Having a car loan and a mortgage, these are good debts to have, but consumer debt for trips, dinners out, clothes, and other such luxuries, that's a recipe for disaster," warns Walkington. Strive for paying off your monthly credit card balance in full, and if that's not possible, Walkington says paying off the minimum balance every month is a must. "Generally, a credit card debt of five to ten thousand dollars should be paid off within three years." If your debt is truly unmanageable, seek out a professional, such as a money coach, to help you devise a debt repayment plan. "Living debt-free adds more freedom, more choices, more happiness, and less stress."

3. I won't be able to afford my child's post-secondary education.

In a day and age where tuition costs are constantly on the rise, it's no wonder this is a money concern that keeps people up at night. Walkington's advice is to not worry about how much to save but rather, to just start saving. "Get started by putting away the Universal Child Care Benefit (UCCB) of \$100 that you receive monthly from the government," she suggests. "Keep the savings plan simple by setting up a Registered Education Savings Plan (RESP) through your bank and starting with just one or two mutual funds." Walkington cautions against scholarship plans as she says they tend to be more complicated, too sales-oriented, and often require a minimum amount to be invested.

4. If I get fired from my job, how will I cover my mortgage or rent?

Walkington suggests having an emergency fund that will cover at least two months' worth of expenses. Though it's hard for many people just starting out to create an emergency fund, especially if they're trying to pay down debt, having a "Plan B" will alleviate financial stress should you happen to face an unforeseen circumstance such as an unexpected job dismissal. "For my clients that don't have savings in the bank, I advise them to make sure they have at least that amount on a low-interest line of credit just in case."

5. I'm not making as much as my friends.

Though it may seem that those around you are better off financially, unless your friends show you their entire financial portfolio or annual tax return, you can't really know for sure. So, the goal here, and it can be a difficult one, is to simply stop comparing the size of your pocketbook with your friends' and do what's best for you. Walkington says it's okay to push yourself to get that coveted car, but also ask yourself if it's affordable given your situation. Being happy with what you have without comparing yourself to others will take a huge weight off your shoulders. And being realistic about what you can afford may even pre-emptively eliminate debt, particularly if a lot of your purchases are due to trying to keep up with what your friends have.

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