



Time To Clean Up Your Finances

Janet Gray

Early in the new year is often the time that we want/need to refresh and rejuvenate many parts of our lives. It's a time to update and make things enjoyable again after a long winter. We do it with our homes, our gardens, our clothing—but what about our finances?

There are always pesky details and often unnecessary costs around our finances that we think we will get to someday. Focus on the simplicity and ease of mind by dealing with those minor but pain in the rear tasks. Some have an obvious cost now, while some will have a longer-term disadvantage; either can be a nuisance.

Banking

Look at your bank usage (mostly e-deposits and auto-withdrawals these days). Some accounts offer an infinite number of e-transactions within your monthly fee, or if you maintain a minimum account balance. Other accounts offer a fixed number of transactions and then charge you a fee for each subsequent transaction.

When was the last time you reviewed your bank account fees or the type of account you have? Often a free/low fee chequing (or even just a savings account) account can work instead of a fee-based chequing account. Many banks offer lower fees if you are a student or a senior. Some banks will do this automatically after you reach a certain age; sometimes you have to ask.

Bank products could have overdraft coverage or balance protection insurance. The fees are sometimes charged as

the coverage occurs (overdraft), and for others, you pay a monthly fee, either a set amount or based on your outstanding balance (mortgage or credit card). Examine your cash flow—this may be an unneeded expense.

Investments

Do you know what you pay in investment account fees? Have a frank discussion with your investment advisor about your upfront fees (with new funds to your investments) and the ongoing costs (of existing investments). Sometimes a lower fee can appear to save you money, but the service options and level of advice could be less than what you need. Make sure you are paying reasonable fees for what you need. Is there a discount offered if your other family members are with the same investment firm?

Do you have multiple accounts at several institutions, such as a leftover group of Registered Retirement Savings Plans (RRSP) at one investment firm but your other investments are held at another? The nuisance is that you are receiving 2 separate statements and maybe separate tax slips. You are paying 2 sets of fees; sometimes by combining accounts, your fees could be decreased due to the higher total assets now held at a single institution. You would then deal with one investment advisor who knows your entire portfolio rather than having different advice from multiple advisors on different parts of your investment portfolio. Of course, you should do your due diligence to find the best fit for you in terms of relationship, accessibility, pro-activeness, and fees.

Are you part of a group investment plan with your employer? Some group plans may allow you to move your

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individual investments to them so you can take advantage of the group discounted rate on fees.

Insurance

Review your insurance products regularly. You probably receive an annual renewal notice, which is a great time to review if that product still meets your current needs and wallet. Use this opportunity to contact your insurance provider and discuss this with them. Insurance products and costs change and there may be a better option for you on your life, disability, car, home or other policies.

Taxes

Speak with a tax professional/accountant to ensure you are getting all the tax deductions (reduce your taxable income) and tax credits (reduce your income tax payable) suitable for your situation. If there are unclaimed items on previous years' tax returns, see if it's worthwhile to re-file for that tax year and be re-appraised for a (potential) refund.

Beneficiaries

Regularly review your investment holdings such as registered accounts (RRSP, Tax-Free Savings Account(TFSA), Locked-in Retirement Account (LIRA), insurance policies (group and personal), and group benefits that allow for beneficiary designations to see if changes or updates are needed. Ensure they are all current and valid. There could be tax consequences, cash flow impacts or disgruntled family members if these details are incorrect.

Subscriptions And Streaming Services

Carefully review your credit card and bank statements for ongoing fees, especially for items you no longer need/use. Sometimes the fees auto-renew and then you are into another cycle because you forgot to cancel before the renewal date.

Or you missed the renewal date and must pay a penalty for late payment. Make sure to note renewal and cancellation dates in your calendar. Take notes of the date, time and transaction number or who you spoke to. It's important info if you need to follow up again.

Rather than paying an annual fee, consider changing to monthly automatic payments via bank debit/credit card. This also applies to home utilities. Although the cost

is sometimes slightly higher, you will not incur any late fees or totally miss the deadline and potentially disrupt service. The peace of mind gained is priceless.

“Spaving”

When you spend more to “save”. You purchase the premium package so you don't have to pay shipping, or you buy another item to meet the free shipping transaction minimum. Pay attention to fees and know your spending limits.

Groceries

Prices have increased no matter where you live in Canada. There is no denying that it's costing us more on even our food basics. We all know that “convenience is costly”, not just ready-to-eat products and meal replacements, but the more manufactured any product is, the more expensive it is. We pay for someone else's time at a higher grocery cost. If we can do most/all of the preparation work ourselves, it lowers the price.

Lists are an essential tool for lowering the grocery bill. Plan your meals in advance of shopping. Use a grocery app that shows you the savings at all major chains in your local area, shop the front page for the best deals and build your weekly menu plan around that. Buy extras of your favourites when they are on sale. Go to the manufacturers' websites to get additional savings coupons, which are often also available on a coupon board in front of many stores. Buy in bulk quantities with a family member/friend. Also, it's true: don't shop when you are hungry.

This year, pay attention to the smaller details that could have a large total cost. Your wallet will thank you and it frees up non-productive funds to use elsewhere which is more gratifying.

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