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BUDGETING BASICS



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Money is a big part of our lives. How we earn money and how we spend money has changed a lot over the past decade. How can you deal with these changes?

Would you like to get as much as possible from each dollar you have?

This workbook offers suggestions on how to budget and cut your expenses, boost your income and access useful information, services and programs.

Each section is filled with tips and tales from people who have gone through a variety of financial challenges and want to share what has worked for them.

Whether your job has changed or your income has gone up or down, this workbook will give you some ideas on how to move forward.

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budgeting basics

What Is a Budget?

A budget is a spending plan or process that helps you decide how to spend and save your money. You decide how much to put toward

- covering living expenses
- paying off debts
- saving to meet financial goals
- buying things you want

A budget helps you to decide what you can afford and get as much as possible from every dollar. It's not a rigid set of rules. It puts you in the driver's seat. It's a flexible tool that you design to guide how you use your money.

What Are Your Financial Goals?

Before you create a budget, you need to know what you want to achieve.

Goals

Goals are the specific plans or purposes you have in life that come from your values.

Goals can be short, medium or long term. They should reflect what you want.

The following are examples of financial goals:

- saving for a family vacation
- paying off a loan
- saving for school
- saving for a down payment on a house or condo
- creating an emergency fund
- saving to visit out-of-town relatives

In order to set a goal, you will want to ask yourself some questions:

- How much can I afford to save per week, month or paycheck?
- How long will I need to save to reach my goal?
- If I make this purchase, will there be other costs? (e.g. saving for a vacation may also require getting a passport, getting travel immunizations or buying travel insurance)

Use the **My financial goals worksheet** (page 4) to help you create your own financial goals. Once you've set your goals, you can develop a plan to reach them. This plan will be your budget.

MY FINANCIAL GOALS WORKSHEET

Short-term goals take less than one year to accomplish.

Example: I want to create an emergency fund.

Short-term Goal	Time Frame	What Will It Cost	What I Need to Do
<i>Create emergency fund</i>	<i>One year</i>	<i>\$2,000</i>	<ul style="list-style-type: none"> • <i>Put \$167 into a savings account each month</i>

Medium-term goals generally take one to three years to accomplish.

Example: I want to pay off my credit cards in two years.

Medium-term Goal	Time Frame	What Will It Cost	What I Need to Do
<i>Pay off credit cards</i>	<i>Two years</i>	<i>\$2,400</i>	<ul style="list-style-type: none"> • <i>Stop using the credit cards</i> • <i>Make a \$119.82 payment each month (assuming 18% interest)</i>

Long-term goals usually take four or more years to accomplish.

Example: I want to save for my child's education.

Long-term Goal	Time Frame	What Will It Cost	What I Need to Do
<i>Save for child's education</i>	<i>18 years</i>	<i>\$30,000</i>	<ul style="list-style-type: none"> • <i>Put approx. \$139 each month into an RESP</i>

How Much Money Do You Have to Work With?

The first step in developing a budget or spending plan is to figure out

- how much money you have to work with
- when that money is coming in
- where it is coming from

Write down how much money you can count on getting every month, including wages, supplements, child support and any other income.

If your income varies, then you have two options:

1. The first option is to add up your total income for the last 12 months and divide it by 12. This will give you an idea of how much you have, on average, each month.

Last year's income \$ _____

Divided by 12 = \$ _____

2. The second option is to take your lowest monthly income and use that as your monthly amount. That way, you can build a plan that you know will work.

You may receive some income only at certain times of the year. List that income in the **My income worksheet** and make a note of when and how often you get it.

MY INCOME WORKSHEET

Money I Can Count on Each Month	Amount
Primary income (wages or salary after deductions)	\$ _____
Secondary income (wages or salary after deductions)	\$ _____
Child tax credit	\$ _____
Child support	\$ _____
Spousal support	\$ _____
Other regular monthly income, such as pension income or Income Support benefits	\$ _____
Total monthly income	\$ _____

Other Money I Get During the Year	How often?	How much?
GST credit	_____	\$ _____
Other	_____	\$ _____
Total other money		\$ _____

How Do You Spend Your Money?

This step could take some work, but the results will be worth it!

Fixed monthly expenses

Fixed expenses are the same each month, like rent or mortgage payments.

Write these down first in the monthly expenses section of the **My expenses worksheet** (page 7).

Variable monthly expenses

Variable expenses are different each month. You may need to do some research to figure out the usual amounts.

Start by tracking your spending for at least two weeks:

- Write down what you spend in a notebook
- Keep receipts for things you buy in a file or jar at home and sort them weekly
- Use an app on your smartphone to record spending

Tally up your variable expenses by category. The **My expenses worksheet** lists possible spending categories. Use the ones that you need and replace the ones that you don't need with your own.

Annual expenses

These are expenses that you need to pay once a year, like school fees, licence registration costs and dentist bills.

Keep track of receipts

Label envelopes or folders by category (e.g. food, personal, transportation)

- Put your receipts into the envelopes each week
- Tally up how much you spent by category



Linda budgets with several small incomes

Linda is a 23-year-old single parent with two young children. She receives income at different times from three sources:

- a part-time job
- child support
- income supplements

To keep up with her expenses, Linda

- schedules her bill payments on the dates her cheques come in
- pays for daycare in two monthly instalments instead of one
- splits other payments in half during the month

MY EXPENSES WORKSHEET

The following worksheet lists monthly expenses and annual expenses. Write down the amounts you pay. You may not need all the categories. Cross out any that don't apply to you and write new ones.

Monthly Expenses	Amount
Housing	
Mortgage or rent	\$
Second mortgage	\$
Insurance (house, fire)	\$
Property taxes	\$
Condo or strata fees	\$
Utilities	
Telephone (landline, cellphone)	\$
Water and sewer	\$
Natural gas	\$
Internet and TV	\$
Food	
Grocery store	\$
Restaurants	\$
Household incidentals	
Bank fees	\$
Magazine and newspaper subscriptions	\$
Alarm system	\$
Transportation	
Vehicle insurance	\$
Gasoline, bus fare, parking	\$
Vehicle loan or lease payment	\$
Personal allowances	
Beauty, hair and grooming	\$
Coffee	\$
Alcohol, cigarettes, lottery tickets	\$
Medical expenses	
Prescription and other monthly medical	\$
Recreation and entertainment	
Gym membership	\$
Movies, video games, music, etc.	\$
Life insurance	\$
Personal loans	\$
Credit card payments	
Credit card #1	\$
Credit card #2	\$
Credit card #3	\$
Savings, contributions and donations	
Savings (short term)	\$
Savings (long term)	\$
Family members	\$
Tithe, charity, foster parent plan	\$

Monthly Expenses (continued)	Amount
Other	
Child or spousal support	\$
Daycare or after-school care	\$
Pets	\$
Total Monthly Expenses	\$ 1

Annual Expenses	Amount
Transportation	
Vehicle maintenance	\$
Vehicle licence and registration	\$
Clothing	\$
House maintenance or renovations	\$
Education	
Workshops	\$
Tuition, books and supplies	\$
Certifications or memberships	\$
Medical expenses	
Dental, optical, orthotics, etc.	\$
Chiropractic	\$
Seasonal sports and recreations	
Sport #1	\$
Sport #2	\$
Sport #3	\$
Gift and festivities	
Christmas	\$
All other gifts (birthdays, weddings, etc.)	\$
Travel and vacations	
Flight/bus fare	\$
Accommodation	\$
Entertainment and food	\$
Souvenirs and other misc. expenses	\$
Other regular annual expenses	\$
Total Annual Expenses	\$
Divide by 12 = per month	\$ 2

TOTAL EXPENSES	Amount
Monthly expenses	\$ 1
Plus annual expenses divided by 12	\$ 2
TOTAL	\$

Do you have money left at the end of each month?

Money in:

My total monthly income \$ _____

Money out:

My total monthly expenses - \$ _____

How much is left = \$ _____

So what's the verdict?

Is your income equal to or greater than your expenses? If so, that's great. Start working toward achieving your financial savings goals.

Is your income less than your expenses? If so, you have a few options:

- cut your expenses
- boost your income
- find other ways to meet your needs

See the **Tips to Help You Save Money** section (page 19) for ideas.

If you've tried all the options and still can't bring your expenses lower than your income, there are programs, services and other resources to help you. Give Money Mentors a call to find out what options you may have for dealing with your debts. You can also check out Money Mentors' free two-hour online Budgeting Boot Camp course at moneymentors.ca/resources/free-online-courses. See the **Resources** section at the back of this book for more ideas.

Money and feelings

Spending is often about more than money. Emotions can get attached to the act of spending money, ranging from happiness to remorse or stress. What does money mean to you? How does having or not having it affect your feelings?

There is much written about money and feelings. Check out the Internet or local library for more information.



Jason's goal is to buy a home

Jason is a 23-year-old technology graduate who just moved to Calgary. His goal is to buy a house or condo.

As a newcomer, he doesn't know many people, so he often goes out with co-workers for dinner and drinks. The first few times, he paid for the group. Soon, he started feeling that his new friends always expected him to pick up the cheque.

Jason decided to suggest that they take turns paying. Everyone understood, and Jason can now save toward his goal while still enjoying social outings.

Create Your Spending Plan

Now that you've established your goals and looked at your income and expenses, you're ready to create your own spending plan to determine how much you would like to spend on the things that are within your control. This is a good time to involve all the members of your household. If you feel comfortable, you might even want to mention to your friends that you are living on a budget so they can be supportive as well.

Budget on a regular income

If your income is predictable, go directly to the **My spending plan worksheet** (page 11).

Budget on a roller-coaster/ variable income

If your income changes from month to month, you may want to track your income for six months to a year, or look at your income tax return from last year to estimate your income. If you think your income will be less this year than last year, lower your estimated annual income so that you have a safety net.

Three methods for budgeting with income that changes

Method 1:

Be your own payroll department

Open two bank accounts:

- Deposit all your income into the first bank account
- Transfer your average monthly income into the second bank account as a “salary” to cover your budget expenses. If you build up some savings, you could even give yourself a raise!

This method works well for

- employees who work on commission
- people who are self-employed

Method 2:

Create two spending plans

Set up separate spending plans for low-earning and higher-earning months:

- The first spending plan covers only basic needs and uses your lowest monthly income
- The second spending plan covers the basics plus other monthly and annual expenses like clothing, gifts, gym passes, school fees and entertainment

Method 3:

Use regular income for regular expenses

Split your income into regular and fluctuating income:

- Use your regular income to pay expenses that must get paid each month
- Use fluctuating income to pay expenses that vary each month

This method works well for households with

- base salary plus commission
- base wages and tips
- one stable income and one variable income

For more information, visit moneymentors.ca/resources and read the tip sheet *The Key to Living on an Income Rollercoaster*.





David and Jane face huge credit debt

David and Jane live on a roller-coaster income because David's work is seasonal. With one young child and expecting their second, the couple found themselves facing huge credit debts. They decided to call Money Mentors and enrol in the Orderly Payment of Debts program.

The couple learned to simplify their lifestyle and take back control of their lives by

- buying no-name products/generic products
- reducing water and electricity usage
- using public transit as much as possible and driving their car less
- using as many public programs as possible
- getting information from a Community Health Centre for purchasing items like car seats
- borrowing movies and books from the library

Save for yearly expenses

Budget for random expenses like repairs, gifts and clothing:

- Create a separate bank account for random expenses
- Buy a Canada Savings Bond and cash it when needed
- Load up gift cards for food, clothing, etc
- Buy yearly goods and services such as insurance on a monthly basis
- Buy one gift a month to prepare for special occasions

Tax tips

You may be responsible to proactively make quarterly instalment payments for any income taxes you owe leading up to next year's tax filing. Check with the Canada Revenue Agency.

Business costs:

Include business costs in your spending plan. Keep track of these costs in a separate business account. This will help with sorting out taxes at the end of the year.

MY SPENDING PLAN WORKSHEET

Monthly Expenses	Amount
Housing	
Mortgage or rent	\$
Second mortgage	\$
Insurance (house, fire)	\$
Property taxes	\$
Condo or strata fees	\$
Utilities	
Telephone (landline, cellphone)	\$
Water and sewer	\$
Natural gas	\$
Internet and TV	\$
Food	
Grocery store	\$
Restaurants	\$
Household incidentals	
Bank fees	\$
Magazine and newspaper subscriptions	\$
Alarm system	\$
Transportation	
Vehicle insurance	\$
Gasoline, bus fare, parking	\$
Vehicle loan or lease payment	\$
Personal allowances	
Beauty, hair and grooming	\$
Coffee	\$
Alcohol, cigarettes, lottery tickets	\$
Medical expenses	
Prescription and other monthly medical	\$
Recreation and entertainment	
Gym membership	\$
Movies, video games, music, etc.	\$
Life insurance	\$
Personal loans	\$
Credit card payments	
Credit card #1	\$
Credit card #2	\$
Credit card #3	\$
Savings, contributions and donations	
Savings (short term)	\$
Savings (long term)	\$
Family members	\$
Tithe, charity, foster parent plan	\$
Other	
Child or spousal support	\$
Daycare or after-school care	\$
Pets	\$
Total Monthly Expenses	\$ 1

Monthly Net Income (Take-Home)	Amount
Wages or salary (primary)	\$
Wages or salary (secondary)	\$
Child tax credit	\$
Child or spousal maintenance	\$
Other regular monthly income	\$
Total Monthly Income	\$ 2

Annual Expenses	Amount
Transportation	
Vehicle maintenance	\$
Vehicle licence and registration	\$
Clothing	\$
House maintenance or renovations	\$
Education	\$
Workshops	\$
Tuition, books and supplies	\$
Certifications or memberships	\$
Medical expenses	
Dental, optical, orthotics, etc.	\$
Chiropractic	\$
Seasonal sports and recreations	
Sport #1	\$
Sport #2	\$
Sport #3	\$
Gift and festivities	\$
Christmas	\$
All other gifts (birthdays, weddings, etc.)	\$
Travel and vacations	
Flight/bus fare	\$
Accommodation	\$
Entertainment and food	\$
Souvenirs and other misc. expenses	\$
Other regular annual expenses	\$
Total Annual Expenses	\$
Divide by 12 = per month	\$ 3

Monthly and Annual Expenses	Amount
Monthly expenses	\$ 1
Plus annual expenses divided by 12	\$ 3
Total Monthly and Annual Expenses	\$ 4

MONTHLY INCOME MINUS TOTAL EXPENSES	Amount
Monthly income	\$ 2
Minus total monthly and annual expenses	\$ 4
Balance	\$

Make Your Spending Plan Work

Let's look at ways to make it easier for you to track your spending. The system you choose should match your lifestyle, personality and skills. The goal is to know where your money is going, what you have spent and what you still need to pay. Here are some ideas that you can use alone or in combination.

Envelope method

- Try this method if you're confident about not overspending when handling cash
- Put cash in a separate envelope for each expense category
- Keep track of how much you have in each envelope

Electronic method

- Use a spreadsheet to track expenses and income month by month
- Try using a smartphone app for quick updates on the go

Notebook or accounting method

- Try this method if you are good at doing paperwork
- Using a page for each expense category, write down the amount budgeted as an opening balance
- Subtract amounts from this category as you spend

Chequebook record method

- Try this method if you are good at keeping detailed records
- Decide which items in your budget will be paid by cheque or automatic withdrawal
- Write cheques for these items or record a date for the automatic withdrawal in your chequebook

Receipt method

- Keep all receipts by spending category
- Tally up your receipts by spending category each week
- Compare the amounts with your spending plan
- Track your spending using **My spending plan worksheet**

Calendar method

- Mark the dates when you have money coming in and when bills are due on a calendar
- Check the calendar often for a reminder of where your money needs to go and when
- Contact your service provider(s) if you need to change your billing dates to align with your pay cycle.

Gift card method

- When you get paid, buy gift cards from your favourite stores to cover groceries, gas, clothing, etc
- Put enough cash on the cards to cover these expenses until your next paycheque
- Shop with a list and bring a calculator with you to the store to account for all the items so you are not surprised

Paycheque planner method

This is one of the easiest ways to keep track of your money and pay your bills on time

- Plan to pay for things on the dates you get paid or receive money
- Write the dates when you get paid at the top of a piece of paper
- Under each date, write the amount of money and what expenses you will pay. Use your spending plan to guide you
- If there is money left over, write the amount at the top of the next column
- If you are unable to make a payment or set aside the savings planned, keep a note of it on your worksheet

On page 13 is a sample worksheet to help you get started.

- In the first column, the money available in cash or in the bank is the opening balance.
- The closing balance at the bottom of the first column becomes the opening balance of the next column

Fill in the **My paycheque planner/money tracker worksheet** (page 14) to track exactly where your money is going. Fill it in weekly, monthly or by payday—whatever works for you.

PAYCHEQUE PLANNER/MONEY TRACKER WORKSHEET SAMPLE

Monthly Income and Expenses	Budget	June 14	June 30
Opening Balance		\$ 18.00	\$ 547.00
Income			
Wages or salary (paycheque)	\$ 2,550.00	\$ 1,250.00	\$ 1,300.00
Child tax credit			
Child or spousal maintenance	\$ 300.00		\$ 300.00
Other regular monthly income			
Total Income Plus Opening Balance	\$ 2,850.00	\$ 1,268.00	\$ 2,147.00 ①
Monthly Expenses			
Housing	\$ 650.00		\$ 650.00
Utilities	\$ 150.00		\$ 150.00
Food	\$ 400.00	\$ 200.00	\$ 200.00
Household incidentals	\$ 50.00	\$ 50.00	
Transportation	\$ 140.00	\$ 100.00	\$ 40.00
Personal allowance	\$ 200.00	\$ 100.00	\$ 100.00
Medical expenses	\$ 50.00	\$ 50.00	
Recreation and entertainment			
Life insurance	\$ 50.00		\$ 50.00
Personal loans			
Credit card payments	\$ 200.00	\$ 75.00	\$ 125.00
Savings, contributions and donations	\$ 100.00		\$ 100.00
Other	\$ 200.00		\$ 175.00
Total Monthly Expenses	\$ 2,190.00	\$ 575.00	\$ 1,590.00
Annual Expenses			
Transportation	\$ 40.00		\$ 40.00
Clothing	\$ 40.00		\$ 40.00
House maintenance and renovations	\$ 292.00	\$ 146.00	\$ 146.00
Education	\$ 180.00		\$ 180.00
Medical expenses			
Seasonal sports and recreation	\$ 60.00		\$ 60.00
Gifts and festivities	\$ 30.00		\$ 30.00
Travel and vacations			
Total Annual Expenses	\$ 642.00	\$ 146.00	\$ 496.00
Total Monthly and Annual Expenses	\$ 2,832.00	\$ 721.00	\$ 2,086.00 ②
Closing Balance			
Total income plus opening balance	\$ 2,850.00	\$ 1,268.00	\$ 2,147.00 ①
Minus total expenses	\$ 2,832.00	\$ 721.00	\$ 2,086.00 ②
CLOSING BALANCE	\$ 18.00	\$ 547.00	\$ 61.00

MY PAYCHEQUE PLANNER/MONEY TRACKER WORKSHEET

Here is a blank worksheet that you can use to create your own paycheque planner.

Monthly Income and Expenses	Budget		
Opening Balance	\$	\$	\$
Income			
Wages or salary (paycheque)	\$	\$	\$
Child tax credit	\$	\$	\$
Child or spousal maintenance	\$	\$	\$
Other regular monthly income	\$	\$	\$
Total Income Plus Opening Balance	\$	\$	\$ 1
Monthly Expenses			
Housing	\$	\$	\$
Utilities	\$	\$	\$
Food	\$	\$	\$
Household incidentals	\$	\$	\$
Transportation	\$	\$	\$
Personal allowance	\$	\$	\$
Medical expenses	\$	\$	\$
Recreation and entertainment	\$	\$	\$
Life insurance	\$	\$	\$
Personal loans	\$	\$	\$
Credit card payments	\$	\$	\$
Savings, contributions and donations	\$	\$	\$
Other	\$	\$	\$
Total Monthly Expenses	\$	\$	\$
Annual Expenses			
Transportation	\$	\$	\$
Clothing	\$	\$	\$
House maintenance and renovations	\$	\$	\$
Education	\$	\$	\$
Medical expenses	\$	\$	\$
Seasonal sports and recreation	\$	\$	\$
Gifts and festivities	\$	\$	\$
Travel and vacations	\$	\$	\$
Total Annual Expenses	\$	\$	\$
Total Monthly and Annual Expenses	\$	\$	\$ 2
Closing Balance			
Total income plus opening balance	\$	\$	\$
Minus total expenses	\$	\$	\$
CLOSING BALANCE	\$	\$	\$ 1 2

An extra copy of this worksheet is provided on page 28.

What to Expect

Budgeting is a lot like exercise—it's hard to get started, but once you develop the habit, it feels good. Your budget works for you by helping you take control of your money and enhance your life.

Here are a few things to remember when budgeting:

- It helps to have a financial goal in sight and use your spending plan to guide you
- You may have unexpected expenses because of events like an accident, a job loss, an illness or a major repair
- If you get a raise or a new job, you may need to revise your budget



Karen manages her budget

Karen is a 28-year-old mother of two. She lives in subsidized housing. She has three sources of income:

- Income Support benefits
- Canada child tax benefits
- GST rebate

Karen manages her budget by paying all her bills as soon as her cheques come in. She also quit smoking, which saves her \$390 a month.

Make changes to meet your financial goals

Take a look at your worksheets for monthly and annual expenses:

- Did any of these amounts surprise you?
- Did any of the items seem to be a waste because you didn't feel you got value for the money you spent?

This is a good time to go over your worksheet and decide what you really need or want to spend money on:

- Use a highlighter to identify items that you *need*, like housing and food
- Use a different-colour highlighter to identify things that you really *want*

You could consider

- eating out only once a month
- going to less expensive restaurants
- going out just for dessert
- organizing a dinner group
- making food at home

Can you think of other areas where you could reduce spending?

Interest charges on debt is one area where many people could reduce costs. By the time debt is paid off, the cost can be double or even triple the original price.



Jerry modifies his lifestyle

Jerry is a 58-year-old welder who has been out of work for several months because of health concerns. To live off of his savings, he

- avoids luxury items
- buys no-name/generic brands
- borrows movies from the library

Jerry enjoys golfing. To afford this treat, he buys used golf balls for half the price and golfs later in the day when fees are lower.

The following table shows the added cost to you for buying a \$1,000 item on a credit card (at a 19% interest rate compounded monthly) or with a bank loan (at a 6% interest rate compounded monthly).

Interest charges on a \$1,000 purchase

After six months		After nine months		After 12 months	
Credit card	Bank loan	Credit card	Bank loan	Credit card	Bank loan
\$98.84	\$30.38	\$151.87	\$45.91	\$207.45	\$61.68

Small daily treats or spontaneous purchases can also really add up over the course of the year. Reducing spending on these items can result in huge savings. Look at the examples in the box below and imagine the money you could save!

Item	Daily Cost	Annual Cost (based on seven purchases per week)
Chocolate bar or chips	\$ 2.70	\$ 986.00
Morning coffee or pop	\$ 2.50	\$ 913.00
Throwing away a two-litre pop bottle	\$ 0.25	\$ 91.00
Takeout lunch	\$ 10.00	\$ 3,650.00
Pack of cigarettes	\$ 13.00	\$ 4,745.00
Magazine	\$ 5.00	\$ 1,825.00
On-demand movies	\$ 6.50	\$ 2,373.00

MY DAILY SPENDING WORKSHEET

Take a few minutes and think about the things you spend money on regularly. Write each item and daily cost in the table below. For each item, multiply the daily cost by the number of times per week you purchase the item. Multiply this number by 52 to get the annual cost.

Item	Daily Cost	Number of Times Purchased per Week	Annual Cost
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$
	\$		\$

Could you save money on any of these items? Go back to your spending plan. See if you can spot any expenses, even small ones, for things you could cut back on or do without.

Involve your kids in the budgeting process

Help your kids understand why you can't buy everything they want, and teach them how to spend their own money carefully:

- Tell them what you are doing and why
- Give them a fixed allowance
- Show them how to create their own spending plan and manage their money
- If all else fails, just tell them no

Pay your bills on time

Stay on top of your bills to avoid having to pay interest:

- Keep track of when bills are due
- Make online payments two to three business days before the due date to make sure the payment is processed by the due date
- If you're mailing in a cheque, send it at least seven business days before the bill is due





stretch your dollars

Tips to Help You Save Money

Here are some ideas to help you save money on both the needs and wants in your spending plan.

Food

- See *Eating Well With Canada's Food Guide* (available at canada.ca/foodguide) for information on healthy substitutes for expensive items. For example, items like peanut butter and beans can be substituted for meat
- Alternate between fresh milk and skimmed milk powder
- Try to plan your meals for a week at a time and shop just once a week
- Never shop when you're hungry
- Make a list and stick to it
- Choose goods that are on sale or in season
- Save money by purchasing tougher cuts of meat and marinating, tenderizing or slow-cooking them
- Buy non-perishables like rice and pasta in bulk from warehouse stores
- Use coupons, rebates and frequent shopper programs, but only for items you really want
- Compare prices on store brands, name brands and no-name brands
- Be aware of marketing strategies, such as the placement of items near the till, on your way out, in end-of-aisle bins, on middle shelves and on island displays. These items usually cost more and encourage impulse buying
- Check discount bins
- Watch the scanner at the cash register to catch any errors
- Bring store flyers with you when shopping to confirm prices and see whether stores will match competitors' prices
- Participate in a collective kitchen where four or five people budget, plan, shop and prepare meals for

the month. At the end of the session, each person goes home with several nutritious low-cost meals ready for the freezer

- Cook at home more often
- Start a food-buying co-op. Join forces with other families to buy food in bulk at a volume discount for the whole group
- Start a community garden where everyone participates in planting, harvesting and preserving what is grown

Housing

- If you are renting, ask whether you can reduce your rent by doing odd jobs around your building or relocate if necessary
- If you have your own house, rent out your garage or a spare room
- Learn to do simple maintenance repairs yourself by attending workshops or helping knowledgeable friends with their home improvement projects

Laundry

- Buy a large no-name/ generic bottle of liquid fabric softener and drop a couple of teaspoons into a clean washcloth or rag. Add this to the wet clothes in the dryer to reduce static and soften fabrics
- Spray new and freshly washed sneakers with starch so they stay cleaner longer

Furniture and appliances

- Trade furniture you don't use
- Buy items from second-hand stores
- If you're considering rent-to-own furniture, read the fine print. Up-front costs and monthly payments add up over time
- If you take advantage of "buy-now, pay-later" promotions, make all payments in full before the interest-free period is over. Otherwise, you'll pay a high interest rate calculated from the moment you bought the item

Utilities

Electricity and natural gas

- Turn off lights when you're not using them
- Turn down your thermostat and water tank when they're not needed
- Replace 100-watt bulbs with energy-efficient alternatives such as halogen or LED bulbs
- Check the seals on your oven, fridge and freezer. Even a small gap lets out heat or cold
- Set hot water tanks at no higher than 50 °C, refrigerators at 3 °C and freezers at -18 °C
- Clean furnace filters regularly. Check filters at least once a month
- Minimize the use of electric space heaters
- Move all furniture at least 30 centimetres away from heaters and registers to let heat flow efficiently
- Close the drapes as soon as the sun goes down in the winter to keep warm air in the room
- Use small portable fans in the summer
- Use "door socks" (long snake-like pieces of material stuffed with sand or birdseed) to stop drafts under doors
- Use indoor appliance timers to turn lights on and off
- Use an outdoor timer or power saver cord on your vehicles block heater and save up to \$20 per month. A vehicle only needs to be plugged in for three hours before starting, even on the coldest day

Water

- Put dishes in a drainer and pour a bowl of water over them rather than rinsing them separately under the tap
- When using the dishwasher, run the shortest wash cycle possible, use the air dry cycle and run only full dishwasher loads
- Check toilets, pipes and faucets regularly for leaks and repair them
- Install low-flow shower heads and flow-reducing devices on taps

Telephone, TV and Internet

- Cancel services or features that you are paying for but don't use
- Reduce long-distance charges by switching to a different service provider
- Cut back on, eliminate or pre-purchase cellphone time
- Cancel your landline if you only use your cellphone



Child care

- Create a child care co-op with your friends and neighbours
- Offer your child care provider a service (e.g. repairs, meals or hair care) in exchange for reduced child care costs
- Look into subsidized daycare

How to start a child care co-op

A child care co-op will work most smoothly if it's well organized from the start:

1. Arrange an information meeting with friends and neighbours
2. Find out their needs and determine the operating rules, including
 - roles and responsibilities
 - who is co-ordinating and when
 - who maintains the log book for hours owed and earned

Write down these rules and make sure everyone has a copy.



Education

- Look into fee waivers for low-income families with children in K–12
- Ask about volunteering in exchange for credit toward school expenses
- Research government student loans and grants for attending post-secondary programs
- Explore more funding options at alis.alberta.ca/funding

Clothing and footwear

- Shop during sales or at second-hand stores
- Trade clothes with friends and neighbours. Establish an annual clothing swap event, especially for children's clothing
- Buy used clothes at garage sales

Personal allowances

- Try to resist impulse purchases and persuasive salespeople by giving yourself a day or two to think about whether you really want an item
- Carry only pocket change for bus fare and small items
- Set reasonable amounts for children's allowances
- Understand return policies for items you purchase

Gifts

- Make something
- Give a gift of time or services (e.g. babysitting or car washing)
- When exchanging gifts, set a realistic price range ahead of time
- Set aside money each month for gifts for upcoming special occasions
- Make cards instead of buying them. Get your kids involved!
- Pool gift money with friends or family
- Set aside free gifts that you receive with other purchases
- Take advantage of sales

Recreation

- Take a local vacation by car instead of flying to a destination
- Buy used sports equipment
- Look for recreational programs run by your community and discounts for low-income families
- Enjoy public parks
- Contact your local recreation department and ask to be on their notification list for events

Low-cost recreation

There are lots of opportunities for free or low-cost fun:

- Walk or jog through a park
- Build a snowman or go skating, tobogganing, cross-country skiing or snowshoeing
- Borrow books from the library
- Form a book club
- Use the Internet at your local library
- Visit a museum, art exhibit or science centre
- Attend school or university sporting events
- Visit with friends and family
- Play board games
- Use your local community pool
- Buy second-hand sporting equipment

Transportation

- Carpool if you can find friends or neighbours with a similar schedule and destination
- Barter for car maintenance and repairs
- Drive responsibly to reduce tickets and insurance premiums
- If you use public transit, purchase books of tickets or monthly passes to save money

Insurance

- Make sure you are not paying for coverage you don't need
- Research types of insurance and determine which ones are right for you (e.g. term insurance, life insurance, mortgage insurance)

Medical

- Consider buying generic instead of brand-name prescription drugs
- Watch for two-for-one sales on glasses
- Look into the costs covered for low-income households by the Alberta Adult Health Benefit or the Alberta Child Health Benefit programs. For more information, see the **Resources** section which begins on page 33



Boost Your Income

Cutting costs isn't the only way to reach your financial goals. Making more money also helps. How might you earn some extra cash? Think about your skills, interests and resources. You might

- do translation work if you speak another language
- offer home or car repairs if you are handy
- walk or look after pets if you like animals
- start a lawn-mowing or snow-shovelling business
- make food, clothes or woodwork to sell to people
- rent out a part of your garage or an empty room in your home
- hold a garage sale
- offer child care services

Be sure to check with the Canada Revenue Agency about possible tax implications of different sources of income.



Tips for Using Loans, Credit and Banking Effectively

The cost of loans, credit and banking services varies greatly—from free or no interest to over 400%. How you use credit makes a big difference in how much money you keep in your pocket.

Credit cards

Credit cards allow you to buy today and pay tomorrow—a nice convenience, but also a risk. If you find yourself with a lot of debt on multiple credit cards, consider combining these amounts and paying them off by taking out a bank loan at a much lower interest rate.

Having credit can have a positive side. If you use a credit card and make your payments on time and in full, you can establish a good credit rating. This will help you when applying for a bigger loan like a mortgage.

Here are some ways to make your credit cards work for you rather than against you:

- Limit the number of credit cards you have. One is all you need
- Pay your credit card balance on time and in full each month
- Keep a record of all of your credit card transactions
- Keep your credit limit low
- Avoid using your credit card for cash advances. The interest charges start as soon as you take out the cash

Good debt vs. bad debt: What's the difference?

Good debt is debt that is used to buy something that will grow in value or generate long-term income over time. Good debt tends to have a much lower interest rate. Examples include student loans and home mortgages.

Bad debt is debt that is used to buy something that has no long-term value or quickly loses value over time. Bad debt tends to have a much higher interest rate. Examples include credit card debt, cash advances and quick cash loans.

Here are some questions to ask yourself if you are thinking about borrowing money:

- Is it worth the cost I will actually pay by the end of the loan?
- Could my financial situation change before I've paid off the loan?
- What impact will my decision to borrow have on my family and on me?
- Can I afford the debt?

What are your banking needs?

Ask yourself the following questions:

- Do I only want to build my savings?
- Do I expect to do many transactions?
- Do I want to use the account mainly for savings and writing a few cheques?
- Will I make withdrawals and bill payments at my branch, or will I use the automated bank machine?
- How far from my house is the nearest branch of my bank? Will I have easy access to the automated bank machine, or will I have to use generic machines costing me several dollars a transaction?
- Will I use telephone or Internet banking?
- Will I use a debit card for purchases?
- What type of records do I want?
- Can I keep track of my account activity with a basic monthly statement?

Banking

To figure out what banking services to use, first decide what you need, and then shop around for the bank that offers the best deal for you.

There are a number of ways to minimize service fees:

- Consider virtual banks that have no service charges and offer free debit transactions and cheques
- Ask about a monthly package that charges a set fee for a certain number of transactions and services
- Ask about an account that has no service charges if you maintain a minimum monthly balance.
- Visit a teller at the bank counter only when you have a question. Fees are much lower if you use the phone or the Internet to pay bills or move money from one account to another
- If you are a senior or a full-time student, ask the bank about special offers for you
- Use your own bank's automated bank machine to avoid paying additional service fees at other machines
- Keep track of your bank balance and make sure you have enough money in your bank account to cover the cheques you've written. Most banks charge over \$40 for non-sufficient funds (NSF) cheques



Cost of buying

The following table shows the cost of buying a \$1,000 item on a credit card at 19% interest or with a bank loan at 6% interest both compounded monthly.

\$1,000 purchase including interest

After six months		After nine months		After 12 months		After two years	
Credit card	Bank loan	Credit card	Bank loan	Credit card	Bank loan	Credit card	Bank loan
\$1,098.84	\$1,030.38	\$1,151.87	\$1,045.91	\$1,207.45	\$1,061.68	\$1,457.94	\$1,127.16



Quick cash

Quick cash services are a popular way for people to get advances on their paycheques. However, be sure to check out the interest rate and terms if you are going to use one of these services.

While they might be helpful in the short term, most charge approximately 400% interest annually along with additional charges.



Joe pays a price for quick cash services

Joe wanted to buy a special gift for his girlfriend for Christmas. He didn't have the money but knew he could get an advance on his next paycheque from a local quick cash store.

The paycheque would be \$1,000, so he qualified for a \$300 advance. On the 13th day, when he repaid the money, Joe paid a \$15 fee for every \$100 he was loaned. In total, it cost Joe \$45 ($\15×3) to finance his \$300 loan for 13 days. That equals an annual interest rate of over 400%.

Here's how to calculate the annual interest rate:

Interest rate (13 days) =
 $\$45 / \$300 = 15\%$ (1.154% per day)

Annual interest rate = $1.154\% \text{ daily} \times 365 \text{ days}$
 = 421.21% (over 400%)

About Money Mentors

To learn more about our services or to book an appointment, call 1-888-294-0076 or visit www.moneymentors.ca.

Credit counselling and financial assessment

Money Mentors offers free credit counselling and financial assessment to all Albertans. An appointment with a counsellor in any of our seven offices (Calgary, Edmonton, Fort McMurray, Lethbridge, Medicine Hat, Grande Prairie and Red Deer) can help you eliminate your debt and get your finances on track.

Our credit counsellors are committed to providing you with information, tools and resources to help you achieve financial success. Appointments are available over the telephone, via Skype or in person.

Orderly Payment of Debts program

Money Mentors is the exclusive provider of the Orderly Payment of Debts program and manages it on behalf of the Government of Alberta. The program provides Albertans with an easy and stress-free way to repay their debts. It combines all unsecured debts into one monthly payment at a guaranteed interest rate of 5%.

Money coaching

From budgeting and saving to paying down debt and planning for retirement, we'll provide you with great advice without any aggressive sales pitch.



Online courses

Money Mentors offers free online courses on money management topics such as preparing a budget, tackling debt, understanding the credit rating system, retirement planning and much more. Our audiovisual online courses are up to two hours long.

School/youth presentations

An education initiative was recently launched to promote financial literacy in the schools. To date, we have reached over 32,000 students.

Money Mentors' objective is to promote financial literacy at all grade levels within schools and for youth in the wider community. Our approach integrates age-appropriate money management topics like spending plans, savings and credit with fun activities and games. At each grade level, we build on previous money management topics, keeping students continually engaged.

Free financial fitness classes

If you're looking to enhance your financial literacy, join us on the second Wednesday of every month from 6:30 to 7:30 p.m. at any of our seven locations for a free presentation on budgeting, debt, enriching your kids, retirement and more. These classes will give you a better understanding of your current financial position and how to tackle many financial challenges. They will also equip you with information and tools that will help you plan better for your financial future.

MY SPENDING PLAN WORKSHEET (extra copy)

Monthly Expenses	Amount
Housing	
Mortgage or rent	\$
Second mortgage	\$
Insurance (house, fire)	\$
Property taxes	\$
Condo or strata fees	\$
Utilities	
Telephone (landline, cellphone)	\$
Water and sewer	\$
Natural gas	\$
Internet and TV	\$
Food	
Grocery store	\$
Restaurants	\$
Household incidentals	
Bank fees	\$
Magazine and newspaper subscriptions	\$
Alarm system	\$
Transportation	
Vehicle insurance	\$
Gasoline, bus fare, parking	\$
Vehicle loan or lease payment	\$
Personal allowances	
Beauty, hair and grooming	\$
Coffee	\$
Alcohol, cigarettes, lottery tickets	\$
Medical expenses	
Prescription and other monthly medical	\$
Recreation and entertainment	
Gym membership	\$
Movies, video games, music, etc.	\$
Life insurance	\$
Personal loans	\$
Credit card payments	
Credit card #1	\$
Credit card #2	\$
Credit card #3	\$
Savings, contributions and donations	
Savings (short term)	\$
Savings (long term)	\$
Family members	\$
Tithe, charity, foster parent plan	\$
Other	
Child or spousal support	\$
Daycare or after-school care	\$
Pets	\$
Total Monthly Expenses	\$ 1

Monthly Net Income (Take-Home)	Amount
Wages or salary (primary)	\$
Wages or salary (secondary)	\$
Child tax credit	\$
Child or spousal maintenance	\$
Other regular monthly income	\$
Total Monthly Income	\$ 2

Annual Expenses	Amount
Transportation	
Vehicle maintenance	\$
Vehicle licence and registration	\$
Clothing	\$
House maintenance or renovations	\$
Education	\$
Workshops	\$
Tuition, books and supplies	\$
Certifications or memberships	\$
Medical expenses	
Dental, optical, orthotics, etc.	\$
Chiropractic	\$
Seasonal sports and recreations	
Sport #1	\$
Sport #2	\$
Sport #3	\$
Gift and festivities	\$
Christmas	\$
All other gifts (birthdays, weddings, etc.)	\$
Travel and vacations	
Flight/bus fare	\$
Accommodation	\$
Entertainment and food	\$
Souvenirs and other misc. expenses	\$
Other regular annual expenses	\$
Total Annual Expenses	\$
Divide by 12 = per month	\$ 3

Monthly and Annual Expenses	Amount
Monthly expenses	\$ 1
Plus annual expenses divided by 12	\$ 3
Total Monthly and Annual Expenses	\$ 4

MONTHLY INCOME MINUS TOTAL EXPENSES	Amount
Monthly income	\$ 2
Minus total monthly and annual expenses	\$ 4
Balance	\$

MY PAYCHEQUE PLANNER/MONEY TRACKER WORKSHEET (extra copy)

Here is a blank worksheet that you can use to create your own paycheque planner.

Monthly Income and Expenses	Budget		
Opening Balance	\$	\$	\$
Income			
Wages or salary (paycheque)	\$	\$	\$
Child tax credit	\$	\$	\$
Child or spousal maintenance	\$	\$	\$
Other regular monthly income	\$	\$	\$
Total Income Plus Opening Balance	\$	\$	\$
Monthly Expenses			
Housing	\$	\$	\$
Utilities	\$	\$	\$
Food	\$	\$	\$
Household incidentals	\$	\$	\$
Transportation	\$	\$	\$
Personal allowance	\$	\$	\$
Medical expenses	\$	\$	\$
Recreation and entertainment	\$	\$	\$
Life insurance	\$	\$	\$
Personal loans	\$	\$	\$
Credit card payments	\$	\$	\$
Savings, contributions and donations	\$	\$	\$
Other	\$	\$	\$
Total Monthly Expenses	\$	\$	\$
Annual Expenses			
Transportation	\$	\$	\$
Clothing	\$	\$	\$
House maintenance and renovations	\$	\$	\$
Education	\$	\$	\$
Medical expenses	\$	\$	\$
Seasonal sports and recreation	\$	\$	\$
Gifts and festivities	\$	\$	\$
Travel and vacations	\$	\$	\$
Total Annual Expenses	\$	\$	\$
Total Monthly and Annual Expenses	\$	\$	\$
Closing Balance			
Total income plus opening balance	\$	\$	\$
Minus total expenses	\$	\$	\$
CLOSING BALANCE	\$	\$	\$

YOUTH SPENDING PLAN WORKSHEET

Young people may have a different set of expenses or income sources than adults. The Youth spending plan worksheet below is specifically for them.

Monthly Expenses	Amount
Housing	
Rent	\$
Utilities	
Cellphone	\$
Power, water, Internet and TV	\$
Food	
Grocery store	\$
Restaurants	\$
Convenience store	\$
Household incidentals	
Cleaning supplies	\$
Miscellaneous for room	\$
Transportation	
Bus pass	\$
Gasoline	\$
Vehicle loan or lease payment	\$
Vehicle insurance	\$
Parking	\$
Personal allowances	
Beauty, hair and grooming	\$
Coffee	\$
Alcohol, cigarettes, lottery tickets	\$
Recreation and entertainment	
Gym membership	\$
Movies, video games, music, etc.	\$
Contributions and donations	
Emergency fund	\$
School fund	\$
Goal	\$
Favourite charity	\$
Personal loans	
Parents	\$
Best friend	\$
Other	\$
Total Monthly Expenses	\$

Monthly Net Income (Take-Home)	Amount
Part-time job	
\$ per week x number of weeks	\$
Allowance	
\$ per week x number of weeks	\$
Total Monthly Income	\$

Annual Income	Amount
Birthday	\$
Tax refund	\$
Total Annual Income	\$
Divide by 12 = per month	\$

Total Income	Amount
Monthly income	\$
Annual income divided by 12	\$
Total Income	\$

Annual Expenses	Amount
Transportation	
Vehicle maintenance	\$
Vehicle licence and registration	\$
Clothing	\$
Education	\$
Gift and festivities	\$
Birthdays	\$
Holidays	\$
Travel and vacations	
Spending money	\$
Total Annual Expenses	\$
Divide by 12 = per month	\$

Total Expenses	Amount
Monthly expenses	\$
Plus annual expenses divided by 12	\$
Total Expenses	\$

TOTAL INCOME MINUS EXPENSES	Amount
Total income	\$
Minus total expenses	\$
Balance (to put towards goals)	\$

NET WORTH – ASSETS WORKSHEET

Your net worth is a measure of your overall financial state. It is calculated by taking the sum of all your assets (what you own) and subtracting your liabilities (what you owe). Money Mentors has included the following asset and liability worksheets to help you calculate your net worth.

Assets (What You Own)	Value
Savings and investments	\$
	\$
Vehicles (primary and recreational)	\$
	\$
Home and other real estate	\$
	\$
Retirement savings plans	\$
	\$
Registered education savings plans	\$
	\$
Life insurance (cash value)	\$
	\$
Company pension (cash value)	\$
	\$
Home furnishings and collectibles	\$
	\$
Other assets	\$
	\$
Total Assets	\$

NET WORTH – LIABILITIES WORKSHEET

Liabilities (What You Owe)	Balance Owning	Monthly Payment	Interest Rate (Optional)	Secured or Unsecured	Number of Months Behind	Maturity Date (Optional)
Credit cards						
	\$	\$				
	\$	\$				
Vehicles loans or lease buyouts						
	\$	\$				
	\$	\$				
Mortgages						
	\$	\$				
	\$	\$				
Personal loans						
	\$	\$				
	\$	\$				
Overdrafts						
	\$	\$				
	\$	\$				
Student loans						
	\$	\$				
	\$	\$				
RRSP investment loans						
	\$	\$				
	\$	\$				
Tax						
	\$	\$				
	\$	\$				
Arrears						
Child support	\$	\$				
Taxes	\$	\$				
Health care	\$	\$				
Other debts						
Lawyer fees	\$	\$				
	\$	\$				
	\$	\$				
Total Liabilities	\$	\$	2			

NET WORTH	
Total assets	\$ 1
Minus total liabilities	\$ 2
Total	\$



resources

Government of Alberta

The Government of Alberta provides financial and health benefits, child support services and employment training, along with career and workplace information, to support Albertans in need.

Alberta Supports - click.call.come in.

Alberta Supports provides up-to-date information and assistance on Government of Alberta family and social support services. It helps clients find programs they need and move from program to program as circumstances change.

albertasupports.ca

1-877-644-9992 (toll-free)
780-644-9992 (Edmonton)
1-800-232-7215 (TTY for callers who are deaf or hard of hearing)

Alberta Works/Alberta Supports Centres

Alberta Works/Alberta Supports Centres across the province provide information on occupations, career options, ways to find work, education programs and funding. To locate a centre near you, call the Alberta Career Information Hotline or visit alis.alberta.ca/alberta-works-centres

1-800-661-3753 (toll-free)
780-422-4266 (Edmonton)
1-800-232-7215 (TTY for callers who are deaf or hard of hearing)

24-hour Emergency

Albertans can call the Income Support Contact Centre 24-hours-a-day throughout the year to get help in an emergency with basic needs like shelter, food, clothing and transportation.

humanservices.alberta.ca/is

1-866-644-5135 (toll-free)
780-644-5135 (Edmonton)

Family supports

Alberta Adult and Child Health Benefit

These programs help with the health-care needs of eligible families with limited incomes.

humanservices.alberta.ca/hb

1-877-469-5437 (toll-free)
780-427-6848 (Edmonton)

Alberta Child Care Subsidy Program

This program provides financial assistance for child care to eligible families with children under the age of 12 who are not yet attending Grade 7.

humanservices.alberta.ca/childcaresubsidy

1-877-644-9992 (toll-free)
780-644-9992 (Edmonton)

Becoming a Parent in Alberta

This publication provides information on maternity and parental leave and employment insurance benefits.

work.alberta.ca/documents/becoming-a-parent.pdf

Child Support Services

Child Support Services helps single parents and parents in blended families with limited incomes negotiate a child support agreement or obtain a court order. Child support can improve financial security and quality of life for you and your children.

humanservices.alberta.ca/css

310-0000 (toll-free in Alberta; ask for the Child Support Services office in your area)

Federal Benefits Programs

The Canada Revenue Agency helps eligible families with the cost of raising children under the age of 18 by providing programs such as the Canada Child Benefit.

cra-arc.gc.ca (Go to **Benefits** and then **Family benefits**)

1-800-387-1193 (toll-free)

Parent Link Centres

These centres offer information and support for parents and caregivers.

parentlinkalberta.ca

310-0000 (toll-free in Alberta; ask for the centre in your area)

Life transitions

Alis

alis.alberta.ca

- CAREERinsite

alis.alberta.ca/careerinsite

Your one-stop guide to career planning. You'll find everything you need to find career options that fit. Career quiz and exercise results can be saved to your *My Alis* account.

- Job postings

alis.alberta.ca/jobpostings

Find links to Canada, Alberta and regional job banks, public service job banks, and employer and employment agency job banks.

- Look for Work

alis.alberta.ca/worksearch

Get help writing your resumé or cover letter, learn how to network and prepare for your interview, and check out job search resources and labour market information.

- OCCinfo

alis.alberta.ca/occinfo

The OCCinfo sections of alis provide up-to-date information on Alberta's occupations, industries, educational programs and schools.

- Publications

alis.alberta.ca/publications

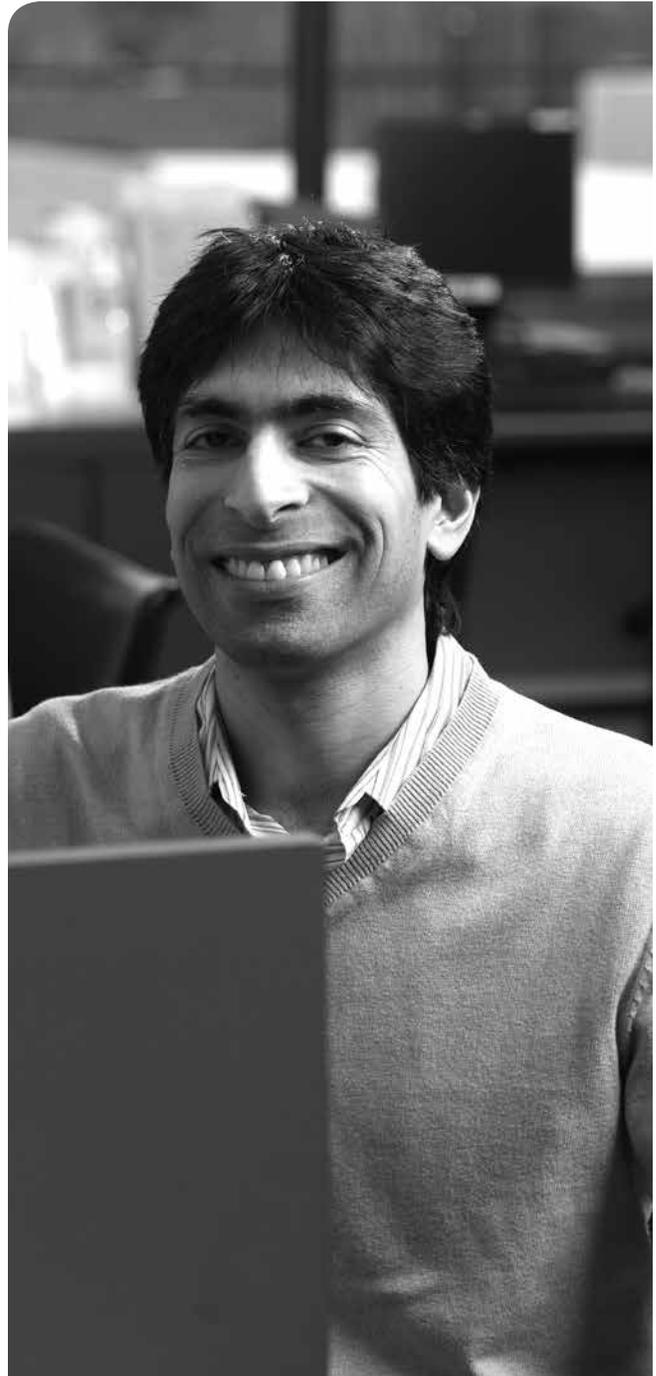
View, order or download:

- » *Adult Back to School Planner*
- » *Advanced Techniques for Work Search*
- » *Change and Transitions: The Path From A to B*
- » *Education and Training Planner*
- » *Money 101: Budgeting Basics for Further Education*
- » *Workability: What You Need to Get and Keep a Job*
- » *Work Search Basics*

- Videos

alis.alberta.ca/videos

Watch these videos to get information related to career planning, education, jobs and the workplace.





glossary of terms

business costs

also known as operating costs. These are the expenses that business owners must pay to run their day-to-day operations. Examples of business costs are office rent, salaries for employees, cost of utilities and office supplies.

Canada Education Savings Grant

a government-issued grant that helps parents, family and friends save for a child or children's post-secondary education through a Registered Education Savings Plan (RESP). The government pays an amount into the RESP account based on what has already been contributed for the child (to a maximum). Check the CRA website at cra-arc.gc.ca for more information.

Canada Learning Bond

government-issued funds that help lower-income families start saving early for children's post-secondary education. These funds are contributed through a registered education savings plan and can be used to pay for either full-time or part-time studies. Check the CRA website at cra-arc.gc.ca for more information and to see if you are eligible.

child benefit

this is a tax-free monthly payment made by the government to eligible families to help them with the cost of raising

children under the age of 18. Check the CRA website at cra-arc.gc.ca for more information.

child support

court-ordered support payments to support one's child or children.

cost of buying

commonly known as the cost of borrowing. These are the total charges for taking on a debt, including interest costs, late fees, registration fees and administrative fees. The cost of buying or borrowing does not include the principal value of the debt.

credit

the ability of a customer to receive goods or services before payment. This is based on the trust (contractual agreement) that payment will be made in the future.

emergency fund

money set aside in an easily accessible account to use in the event of an unexpected expense such as a job loss or an illness. Most people should set aside three to six months' worth of basic living expenses in an emergency fund.

fixed allowance

money given at regular intervals or for a specific purpose. Because the allowance is fixed, it is usually for the same amount each time.

fixed interest rate

an interest rate that does not fluctuate over the life of the loan. A fixed rate allows borrowers to accurately predict their future debt payments.

interest amount

the amount of interest that is owed by a borrower to a lender. It is initially represented as a percentage and then converted to a dollar amount. The interest amount is usually the largest portion of the total cost of borrowing money.

interest rate

the amount charged for borrowing money, expressed as a percentage. An interest rate is normally expressed as an annual percentage rate.

Orderly Payments of Debt Program

a program that provides Albertans with an easy and stress-free way to repay their debts. Money Mentors is the exclusive provider of the program and manages it on behalf of the Government of Alberta. This program combines all unsecured debts into one monthly payment at a guaranteed interest rate of 5%. For more information, visit the Money Mentors website at moneymentors.ca.

pension income

income, other than wages, paid at regular intervals to a person or to a person's surviving dependents based on past services, age, merit, poverty, injury or loss sustained.

primary income

the main source of cash inflow into a household. For example, an individual may have a full-time job that is their primary source of income, along with a part-time job that they do on occasion.

principal

the original amount of a loan. This amount does not include any interest or administrative charges for the loan.

Registered Education Savings Plan (RESP)

an account that is registered with the Government of Canada and used to save for post-secondary education.

Tax on savings growth in an RESP is deferred until the savings are withdrawn. The federal government can also add to the savings through education grants such as the Canadian Education Savings Grant (CESG) and the Canadian Learning Bond (CLB). Visit the CRA website at cra-arc.gc.ca for more information.

Registered Retirement Savings Plan (RRSP)

a retirement savings account that is registered with the Government of Canada. You and your spouse can contribute money to an RRSP to reduce your taxes. Any contributions made and income earned in the RRSP are tax deferred until the money is withdrawn. Visit the CRA website at cra-arc.gc.ca for more information.

secondary income

money that comes from outside of your main source of income. Secondary income normally accounts for a small portion of your total income. For example, if you have a full-time job and a part-time job that you do from time to time, your part-time job would be considered your secondary income.

spousal support

financial support to help with living expenses paid to a former spouse under an agreement or court order.

Tax-Free Savings Account (TFSA)

a savings account that is registered with the Government of Canada. Individuals who are 18 or older, and have a valid social insurance number, can contribute money to a TFSA. Contributions to a TFSA are not deductible for income tax purposes. However, amounts contributed and income earned from investments in a TFSA are not taxable at the time of withdrawal.

tithe

one-tenth of something, or 10%, paid to a religious or government organization. For example, giving 10% of your household income to the church would be giving a tithe to the church.

unexpected expenses

unforeseen expenses which are difficult to budget for. An emergency fund can help in paying for unexpected expenses. Examples are the cost of a flight to attend a funeral or an emergency veterinary bill. Unexpected expenses do not include vehicle maintenance and repairs, gifts for loved ones, or other routine costs.

variable interest rate

also known as a floating or adjustable interest rate. A variable rate fluctuates over the life of the loan. The changes in the rate are based on a number of factors, such as the state of the economy.



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