

Solutions

Personal Financial Management

fseap

FAMILY SERVICES
EMPLOYEE ASSISTANCE PROGRAMS



Ten basic rules of money management

Plan

Plan for the future, major purchases and periodic expenses.

Set Financial Goals

Determine short term (less than 1 year), midterm (1-5 years) and long range financial goals (over 5 years).

Know Your Financial Situation

Determine monthly living expenses, periodic expenses and monthly debt payments.

Develop a Realistic Budget

Follow your budget as closely as possible.
Evaluate your budget.
Compare actual expenses with planned expenses.

Don't Allow Expenses to Increase

Avoid paying only the minimum on your charge card. Spend only from income, eliminate use of credit cards until debt is under control or paid off.

Ten basic rules of money management

(Cont'd)

6. Save

Save for periodic expenses, such as car and home maintenance. Save 10% of your net income. Accumulate 3 to 6 months' salary in an emergency fund. When saving for retirement or longer goals, it may be wise to contact a reputable professional financial planner.

7. Pay Your Bills On Time

Maintain a good credit rating. If you are unable to pay your bills as agreed, contact your creditors and explain your situation. Contact Credit Counselling for professional advice.

8. Distinguish the Difference Between Needs and Wants

Take care of your needs first. Money should be spent for wants only after needs have been met.

9. Use Credit Wisely

Use credit for safety, and planned purchases. Determine the total you can comfortably afford to purchase on credit. Don't allow your credit payments to exceed 15% of your net income. Don't borrow from one creditor to pay another.

10. Keep a Record of Daily Expenditures

Be aware of where your money is going.

Use a spending diary to assist you in identifying areas adjustments need to be made.

Kids & Money

Too often we hear that parents are frustrated with children not knowing the value of money. Here are some easy ways to teach them.

Give your child an allowance that is based on their age. Teach them to save some, spend some, give some.

Help them set goals. Keep them short.

Don't be afraid to explain to your children how much things cost and tell them in terms of their allowance, i.e. this item costs 10 weeks of allowance.

Encourage your child to save their own money to buy items they want. They see how much work is involved and learn to make financial choices and priorities.

The younger you start teaching your kids about money, the easier it will be as they grow.

Open a bank account for your child and encourage them to actively participate in making deposits. Collect loose change and let your child count and wrap the coins for deposit into their account.

For older children, you can encourage them to work at part-time jobs – babysitting; snow shoveling, lawn chores or paper routes. They learn responsibility and earn money for the things they want repayment.

For older children, you can encourage them to work at part-time jobs – babysitting; snow shoveling, lawn chores or paper routes. They learn responsibility and earn money for the things they want.

With older/grown children, do not get into cosigning unless you are sure of responsible repayment.

It's important that we are able to teach our children to know the value of money and the pitfalls of credit/debt.



fseap offers confidential professional assistance on a wide variety of personal and work-related issues.

For information and assistance from your EAP,

Call: **1.800.668.9920**