



Counselling Handbook

Richmond office:
6080-8171 Ackroyd Road
Richmond, BC V6X 3K1

Vancouver Office:
303-700 Pender Street West
Vancouver, BC V6C 1G8

Surrey Office:
300-9850 King George Blvd
Surrey, BC V3T 0P9

Phone: (604) 821-9882
Fax: (604) 821-9870

Spending & Shopping Habits	3
Managing Your Money	
Spending Tips	4
Developing a Spending Plan	5
Tips for Successful Budgeting	6
Seasonal/Irregular Spending	7
Budget Worksheet	8
Financial Goals Worksheet	9
Use of Credit	10
Warning Signs of Overextension of Credit	11
The Cost of Credit	12
Rebuilding Credit	13
Resources	15



Spending and Shopping Habits

Unconscious spending patterns shape our financial decisions, influenced by our personalities, backgrounds, and values. In today's consumer-driven world, we face constant pressure from advertisers, making it essential to be aware of these influences and exercise judgment aligned with our financial goals.

Our buying habits are unique, shaped by factors like upbringing, education, experiences, relationships, and occupation. While each person is different, marketers identify general personality types to tailor their advertising strategies.

Discovering your consumer type greatly impacts your shopping behavior. Have you ever wondered why you choose a specific brand? Is it due to familiarity and tradition or the allure of something new and advertised? Understanding your tendencies helps identify whether you lean towards impulsivity or conservatism in different purchase scenarios.

Are you status-conscious, drawn to prestigious brands, or thrifty, prioritizing discounted items over brand names? Some prefer popular brands for a sense of belonging, while others seek uniqueness in specialty stores.

Reactions to advertising also vary. Some are captivated by promises of a more exciting life, while others are enticed by luxurious imagery.

By monitoring our responses to advertising, we gain self-awareness and the ability to modify our behavior. Recognizing our habits empowers us to make positive changes without altering our core identity.



What can you do?

- Competitive types can resist the temptation to overspend for social status.
- Impulsive buyers can curb wasteful purchases with self-awareness.
- Luxury seekers can reassess the necessity of certain expenses.
- Those susceptible to advertising can become more critical of claims.

When you take the time to analyze yourself, it helps you think carefully about your actions and replace automatic behaviors with more deliberate and controlled choices.

Managing Your Money

Spending Tips

There are many spending tips out there. They will not all work for you – poring over catalogues to save money costs time, and being able to travel to different stores to grab bargains requires transportation – but we hope you find some tips that are helpful here.

- ✓ When going grocery shopping on a tight budget, take the amount of cash that you have allocated for groceries for that shopping trip – leave your debit and credit card at home so it's impossible to spend more than you've budgeted.
- ✓ Make a list but be flexible – you might find an item reduced and change your meal plan to suit (following tip #1 at the same time means that changing up your list on the fly can't result in over-spending).
- ✓ Save money for larger items rather than using credit – paying for a vacation on credit just means you are performing the same action after the fact (putting frequent, smaller amounts towards it) but are also paying interest, where you could have been earning a small amount of interest while saving.
- ✓ Shop at thrift stores, garage sales, or flea markets, or swap clothes among friends and relatives (this works especially well for children's clothes).
- ✓ Look for sales and off-season bargains, but only for items you are already looking to buy. Try not to be swayed by sales that advertise something you weren't already thinking about purchasing.
- ✓ Check Craigslist, marketplace, and Buy Nothing groups for household items before buying new.
- ✓ Don't grocery shop when you are hungry!
- ✓ If you have space and budget room, buying in bulk can save money and mean less trips to the store.
- ✓ Eat at home or bring your lunch from home as often as possible but if you enjoy eating out, set yourself a budget to have one 'treat' lunch or dinner out per week, or per month – whatever your budget reasonably allows for.
- ✓ Share driving or use public transit – evaluate your need for a private vehicle, or for multiple vehicles in your household.
- ✓ Make use of your local library – you'll find more than shelves of books available. Libraries are treasure troves of free services (like streaming and online courses), activities for children, social groups, programs to learn new skills, and information about other community resources available.
- ✓ Work out what dollar amount constitutes a 'larger' purchase for you – for some people this may be \$50, for some this may be \$500. Before you purchase an item over that amount, wait a week and see if you still feel you need it.

Managing Your Money

Developing a Spending Plan

Spending money is a breeze, but spending it wisely requires a whole new approach. To maximize the value of your hard-earned dollars, mastering the art of planning and savvy shopping is essential.

Your journey towards smart money management begins with crafting a personalized spending plan that aligns with your needs, desires, and income.

A **BUDGET** SERVES AS YOUR ROADMAP FOR FINANCIAL MANAGEMENT, ALLOWING YOU TO LIVE WITHIN YOUR MEANS.



Follow these six steps to create a budget that suits your lifestyle and wallet:

1. Calculate your **monthly income**, considering only reliable, regular earnings. Any occasional income can be set aside for special purchases but shouldn't be counted on as steady income.
2. Track your expenses diligently. **Record every expenditure**, whether through saving receipts, jotting it down, or utilizing helpful apps. At the end of the month, review where your money went. Reflect on whether you would make the same choices if given another chance.
3. Once you've assessed your spending, distinguish between **needs** and **wants**. Needs encompass essential expenses like rent and fixed bills, while wants refer to non-essential desires.
4. Subtract your needs from your income. The **remaining amount** represents what you can allocate toward fulfilling your wants.
5. Categorize your wants into short and long-term goals. **Short-term goals** may include buying a new outfit for an event or purchasing birthday presents for your child. **Long-term goals** encompass saving for retirement or an exciting overseas vacation, requiring extended periods of saving.
6. Embrace the power of **choice**. This is where budgeting gets challenging. Recognize that you can't afford everything you desire, necessitating decision-making. Consider cost-effective alternatives. For instance, opt for a casual evening at a local restaurant instead of attending an expensive concert with friends. Alternatively, skip eating out for a few months, channeling the saved funds towards attending the concert.

By implementing these steps, you'll embark on a journey of financial mindfulness, making deliberate choices and ensuring your money works for you.

Managing Your Money

Tips for Successful Budgeting

- Set clear financial goals: Determine what you want to achieve with your budget. Whether it's paying off debt, saving for a specific goal, or simply improving your financial stability, having clear goals will keep you motivated.
- Track your expenses: Keep a record of all your expenses to understand where your money is going. Utilize apps, spreadsheets, or budgeting tools to make tracking easier and more efficient.
- Create a realistic budget: Based on your income and expenses, create a budget that is practical and achievable. Allocate funds for essential expenses first, then prioritize savings and debt repayment before discretionary spending.
- Categorize your expenses: Group your expenses into categories such as housing, transportation, groceries, entertainment, etc. This will give you a clearer picture of your spending habits and areas where you can make adjustments.
- Identify areas for savings: Review your expenses and look for areas where you can cut back or make adjustments. Consider reducing discretionary spending, finding cheaper alternatives, or renegotiating bills and subscriptions.
- Automate your savings: Set up automatic transfers from your income to savings accounts or investment vehicles. This ensures consistent savings without relying on willpower alone.
- Practice mindful spending: Before making a purchase, ask yourself if it aligns with your financial goals and if it's a genuine need. Avoid impulse purchases and give yourself a cooling-off period for big-ticket items.
- Regularly review and adjust your budget: Revisit your budget periodically to assess your progress, make necessary adjustments, and accommodate any changes in your financial situation or goals.
- Seek support and accountability: Share your budgeting journey with a trusted friend, family member, or join online communities focused on personal finance. Having support and accountability can keep you motivated and on track.
- Celebrate milestones: Acknowledge and celebrate your achievements along the way, whether it's reaching a savings goal or paying off a debt. Rewarding yourself reinforces positive financial habits.



Remember, budgeting is a process that requires patience and persistence. Stay focused on your goals and be flexible in adapting your budget as needed. Over time, you'll develop better financial habits and achieve greater financial wellbeing.

Managing Your Money

Seasonal/Irregular Spending

Irregular or seasonal expenses can really throw your budget off if they're not accounted for. You can use this worksheet to visualize what expenses occur when – think of birthdays and seasonal holidays (whether they involve gift giving or hosting a dinner), property taxes, yearly insurance payments, planned dentist visits or vet checkups...

January	February	March
April	May	June
July	August	September
October	November	December

If any of these expenses can be switched to monthly, it will make budgeting for them easier. If not, work out the monthly amount for each and plan to put those funds aside each month (or even each pay period, or each week – find a system that works best for you) so that when the expense or occasion comes around, you'll be ready for it.

As a bonus, when saving for a birthday or Christmas (or another large gift-giving occasion), having a defined 'gift fund' that you've contributed to through the previous year can help you stick to that amount when purchasing the gifts.



campbell saunders

ACTUAL MONTHLY COST OF LIVING

Expenses paid every month (estimate cost per month)

Housing expenses

Rent or mortgage	<hr/>
Condominium fees or taxes	<hr/>
Power, water, sewage	<hr/>
Heating costs	<hr/>
Telephone	<hr/>
Cable	<hr/>

Food

Groceries and "non-food"	<hr/>
Restaurants and fast food	<hr/>

Clothing

Monthly purchases	<hr/>
Dry cleaning	<hr/>

Transportation

Car loan or lease	<hr/>
Gas and oil	<hr/>
Parking	<hr/>
Bus/Taxi	<hr/>
Car insurance (monthly)	<hr/>

Medical and Insurance

Health care	<hr/>
Life insurance (monthly)	<hr/>
Prescriptions	<hr/>

Recreation

Entertainment/sports/hobbies	<hr/>
Liquor and cigarettes	<hr/>
Babysitting	<hr/>

Contributions

Church and charities	<hr/>
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Miscellaneous

Child support	<hr/>
Daycare	<hr/>
Personal care and hair	<hr/>
Personal allowances	<hr/>
Bank service charges	<hr/>

Books and magazines	<hr/>
Newspaper	<hr/>
Other (specify)	<hr/>

Savings and Investments

Total Monthly Debt Payments	<hr/>
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Monthly Expense Total

Add: *Monthly amount for irregular expenses*

\$	<hr/>
\$	<hr/>

Equals: Total monthly cost of living

\$	<hr/>
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Please complete these two worksheets after your first counselling session – we will discuss them at the second session. If you have any questions please contact our office.

IRREGULAR EXPENSES

Expenses paid quarterly, semi-annually, annually, or irregularly (estimate cost per year)

Medical

Dental	<hr/>
Optical	<hr/>
Specialists	<hr/>

Clothing

Irregular purchase	<hr/>
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Insurance (not paid monthly)

Life and disability	<hr/>
Home or tenant	<hr/>
Car	<hr/>

Membership

Union or professional	<hr/>
Club dues	<hr/>

Car

Registration	<hr/>
Tune-ups and repairs	<hr/>

Housing

Maintenance and repairs	<hr/>
Decorating and furniture	<hr/>
Property taxes	<hr/>
Gardening	<hr/>

Recreation

Sports equipment	<hr/>
Children's programs/camps	<hr/>
Vacations	<hr/>
Season's tickets	<hr/>

Miscellaneous

Christmas or celebrations	<hr/>
Birthdays and other gifts	<hr/>
Subscriptions	<hr/>
School fees and supplies	<hr/>
Professional services (Vet, etc.)	<hr/>
Other	<hr/>

Irregular Expenses Total

Per Year

\$	<hr/>
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Divide by 12 (months)

<hr/>

Monthly Amount for Irregular Expenses

\$	<hr/>
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What are Your Goals?

Short Term Goals

What is the one thing you want or hope to achieve in the next three months?

(i.e. Pay bills on time, start saving for an **emergency fund**, start planning for Christmas, establish a budget category for clothing and/or entertainment)

Medium Term Goals

What do you want to achieve in the next year?

(i.e. Pay off spouse's credit card debt; continue saving for an **emergency fund**)

Long Term Goals

What do you hope to achieve in the next five years?

(i.e. Pay off all spousal credit card debt, get additional education, start a business, start to plan for long-term savings such as RRSPs)

Keep this list handy – you will want to look at it often to keep your dreams and goals alive!

Date

Name

The Use of Credit

Credit, in this context, can be defined as “the advance of goods and/or services in exchange for a promise to pay at some future date” – in short, “buy now and pay later”. When you think about credit, remember these factors:

1. Credit is a mutual expression of faith between the lender and the borrower.
2. Credit is a privilege extended by the lender, not a right owed to every customer.
3. Credit is a form of debt.

Credit cards are the main way that consumers access credit in their daily lives.

The **advantages** to buying on credit are:

- ✓ It is convenient.
- ✓ Usually there are no interest charges if you pay back what you have used within 30 days.
- ✓ A good credit rating makes it easier to get credit in emergencies, and credit checks by landlords are increasingly common also.
- ✓ You can take advantage of a special bargain or sale when cash is not available.
- ✓ Many credit card companies offer points that can be used towards free merchandise or special offers.
- ✓ There is an additional layer of security between your money and fraud – unlike someone taking money from your bank account, when unauthorized charges are found on your credit card it is not your actual money that has been stolen, and the charges can be reversed once the credit card provider investigates.

And the **disadvantages** are:

- It encourages impulse spending, and spending money that you do not have.
- If not paid off within the 30 days, interest charges build up quickly.
- Once you reach the point where you're unable to pay off the balance each month, more and more cash is tied up each month trying to get ahead of it (leading to more use of credit to cover everyday expenses).
- In the case of buy now pay later agreements for furniture or similar, if payments are not met, the item may be repossessed and money already paid is lost.
- A poor credit rating makes it harder to get credit and at times be accepted for rental | properties.
- Wanting to shop at the store that you get points at can mean you miss out on bargains at other stores – you may be loyal to one brand or company but large businesses don't feel the same loyalty, and shopping around is always a good idea.



It is possible to use credit cards responsibly and even get benefits from the points and rewards, but it requires planning, restraint, and knowing yourself – if credit cards were a factor in your proposal or bankruptcy, can you go back to having and using them without getting out of control?

The Use of Credit

Warning Signs of Over-Extension

The following sample questions may be asked before buying on credit. These questions are designed to give warnings of credit over-extension.

	Yes	No
Is this a need or a want?		
Do I need it now?		
Is it worth the extra credit cost to have it now?		
Is it worth the risk of losing money I have to put into if I can't meet the payments?		
Will this purchase help achieve a family or personal goal?		
Is the interest cost reasonable?		
Will I still be using the purchase when I have finished paying for it?		
Will this purchase meet with family approval?		
Am I buying from a fair and honest person or firm?		
Can I buy it without committing an anticipated increase in income?		
Is my use of a credit card reasonable?		
Do I usually make payments on time?		
Have I been able to pay past statements in full?		
Can I make these payments without skimping on necessities?		
Do I have an emergency fund to take care of unforeseen expenses?		
Is my credit good enough so that I can borrow in case of illness or emergency?		
Is my future income secure?		
Have I avoided dipping into my savings to meet regular expenses?		
Do I avoid borrowing to pay off other creditors or debts?		
Am I always honest with my spouse, myself or others about my expenses?		
Am I always current in rent or utility payments?		
Are my assets greater than my debts?		

Add "yes" answers to determine how much credit you can afford and control. Give yourself one point for every "yes" answer. This scoring system has not been tested or verified. It is designed to consider the danger signals of credit over-extension and criteria for credit decisions by questioning your sense of credit control.

- | | |
|-------------------|----------------------------------|
| 9 points or less: | Stop and wait to make a decision |
| 10- 15 points: | Proceed with caution! |
| 16 – 21 points: | Go ahead! |

Any "no" answer may cause trouble enough. The more "no" answers, the more questionable is the use of credit for you.

The Cost of Credit

When using credit, interest and fees can very quickly add up. Save for items in advance where possible, of your money is costing you too much money! As you can see below, borrowing \$10,000 from a higher interest lender for a 36 month term will cost you \$9,000 – you're paying back almost double what you borrowed. Unless your \$10,000 expense is a real emergency and you have no other options, save that amount over the 36 months instead (and earn some interest on it in a savings account!)



The Dollar Cost of Credit on a \$10,000 Loan					
	Interest in Dollars Over				
Interest rate	12 months	18 months	24 months	30 months	36 months
6%	\$600	\$900	\$1,200	\$1,500	\$1,800
8%	\$800	\$1,200	\$1,600	\$2,000	\$2,400
10%	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000
12%	\$1,200	\$1,800	\$2,400	\$3,000	\$3,600
14%	\$1,400	\$2,100	\$2,800	\$3,500	\$4,200
16%	\$1,600	\$2,400	\$3,200	\$4,000	\$4,800
18%	\$1,800	\$2,700	\$3,600	\$4,500	\$5,400
20%	\$2,000	\$3,000	\$4,000	\$5,000	\$6,000
30%	\$3,000	\$4,500	\$6,000	\$7,500	\$9,000

CAUTION: Payday Loans

Payday loans may seem like a quick fix in times of financial need, but be aware of the potential risks involved. These loans typically come with high interest rates and short repayment terms, making them an expensive borrowing option. It's important to understand that relying on payday loans can lead to a cycle of debt, where the borrowed amount becomes difficult to repay, resulting in additional fees and financial strain. Before considering a payday loan, explore alternative options like negotiating payment plans with creditors, seeking assistance from local community resources, or exploring low-interest loans from reputable financial institutions. Remember, it's crucial to carefully evaluate the long-term financial impact before taking on a payday loan to avoid further financial hardship.

Rebuilding Credit

We've just spent a few pages warning you about using credit, but for many people, rebuilding their credit and maintaining a good score is important, especially if they are working towards a large purchase like a house in the future.

Let's look at how the credit bureaus operate:

In Canada, credit bureaus are responsible for collecting and maintaining credit information on individuals and businesses. The credit bureaus operating in Canada are Equifax Canada and TransUnion Canada. Here's an overview of how credit bureaus work in Canada:

- Credit Reporting: Credit bureaus gather credit-related information from various sources, such as lenders, financial institutions, and utility companies. This information includes details about your credit accounts, payment history, outstanding debts, and public records (e.g., bankruptcies or liens).
- Credit Reporting Agencies: Equifax Canada and TransUnion Canada are the two major credit reporting agencies in Canada. They receive data from different creditors and compile credit reports for individuals and businesses.
- Credit Reports: A credit report is a detailed summary of an individual's credit history. It includes personal information, credit accounts, payment history, credit inquiries, and public records. Lenders, landlords, employers, and other authorized entities can request access to these reports when making credit-related decisions.
- Credit Scores: Credit bureaus calculate credit scores, which are numerical representations of an individual's creditworthiness. These scores provide a snapshot of your credit risk and are commonly used by lenders to assess your creditworthiness when applying for loans or credit.
- Information Accuracy: Credit bureaus strive to maintain accurate and up-to-date information. However, errors or discrepancies do occur. It's crucial to regularly review your credit report to ensure accuracy and report any inaccuracies to the respective credit bureau for correction.
- Credit Inquiries: Whenever you apply for credit, such as a loan or credit card, the lender may perform a credit inquiry to assess your creditworthiness. These inquiries are recorded on your credit report, and excessive inquiries within a short period will have an impact on your credit score.
- Consumer Rights: As a consumer, you have rights regarding your credit information. You can request a free copy of your credit report from each bureau once a year. If you find errors, you can dispute them with the credit bureau, and they are obligated to investigate and correct any inaccuracies.

Understanding how credit bureaus operate and monitoring your credit reports can help you maintain a healthy credit profile. Regularly reviewing your credit information allows you to identify any issues, address errors, and take proactive steps to improve your creditworthiness over time.



Rebuilding your credit

Filing the bankruptcy or a proposal has had an impact on your credit score (as does any course of action aside from paying all your bills on time and in full). To start to rebuild your credit after the bankruptcy or proposal, we suggest a combination of the following:

- **Get a secured credit card.** This is different from a pre-paid card – secured cards contribute to your credit score, where pre-paid cards do not. Secured cards require you to leave a deposit with the financial institution, and they will hold those funds as security in case you do not pay the bill. You should use this card for regular expenses, like your grocery shopping, and then pay it off in full each time you receive a bill. Only use it to buy things that you have the money for, not things you can't afford.
- **Pay your bills on time.** Whether you decide to get a credit card or not, you will still have utility bills to pay, and these contribute to your score. Be sure to pay them in full each month, or talk to the provider before the due date if you know it will be difficult to pay.
- **Keep credit balances low.** If you do begin to use credit cards again, try to keep your use under 30% of the total you have available. If you are always using all of the credit you have access to, lenders will see you as higher risk and won't want to lend any more.
- **Limit credit applications.** Don't apply for a lot of credit within a short period of time – lenders will also see this as risky behaviour.
- **Monitor your credit report.** Regularly review your credit report to ensure accuracy and identify any potential issues. If you spot errors or fraudulent activity, report them to the credit bureau for correction. There are third party apps that draw information from the credit bureaus and make it easy to keep an eye on your information, but they will constantly advertise credit products to you.
- **Avoid closing old accounts.** If you no longer want to use a credit card, it is best to pay the balance to zero, cut the card up, but not actually close the account – the average age of your credit accounts is one factor that contributes to your score, and having older accounts 'active' (even if not being used) will be points in your favour.
- **Be responsible with credit.** All of the above tips will be for nothing if the credit that you obtain is not used responsibly. Know yourself and what you can manage – enlist the help of a friend or family member to keep you accountable if needed.

Resources

Books (Tip: thriftbooks.com is a great resource for finding lower cost books, and of course, use your local library!)

Gail Vaz-Oxlade – *Debt Free Forever, Easy Money & other titles*

Gail is a Canadian author who has written a multitude of books on budgeting and finances. "If you're afraid to open your bills, if you've never added up how much you owe, if you can't even imagine being debt-free, it's time to join the thousands of people Gail Vaz-Oxlade has helped."



Robert R. Brown – *Wealthing Like Rabbits*

This book's subtitle is "An original and occasionally hilarious introduction to the world of personal finance". If that description catches your eye and are looking for a conversational, less-serious approach to the topic, check this one out.

Preet Banerjee – *Stop Over-Thinking Your Money!*

Preet shares his 'five simple rules' for how to think about your finances. Reviewers agree that this is a simple, straightforward read with lots of great advice.

Websites

[Insolvency Counselling Program](#) – the consumer program created by the Office of the Superintendent of

Bankruptcy to complement these counselling sessions. If you've received a paper copy of this booklet, search 'OSB insolvency counselling program' to find it.

[Your Money Students](#) - Your Money Students is a free financial education seminar for Canadian high school students delivered in-class by bankers who volunteer their time in their communities, from the Canadian Bankers Association. There is also [Your Money Seniors](#), and many other great resources on their website – www.cba.ca.

[Financial Consumer Agency of Canada – Budget Planner](#) – Helps you to create a customized budget in three steps. If you have a paper copy of this handbook, search 'FCAC budget' to find it. The FCAC also has a [Financial Goals](#) Calculator.

[Consumer Protection BC](#) – Learn your debt collection rights in BC, see how Consumer Protection can help you, and submit a complaint about a collector not following the rules.

Apps (Tip: always be careful when providing personal information to apps, especially financial information)

[Flashfood](#) – A discount grocery app. First, check if a store local to you has a Flashfood-branded fridge near the customer service desk. If so, this app can save you money. Stores list items that are nearing their best-before date, you purchase the items through the app, and pick them up in-store at customer service.

[Too Good to Go](#): Similar to Flashfood but for restaurants, fast food places to list their leftover (but still good) food – you pay for a 'surprise bag' at a heavy discount. If you like pizza this one will work for you as there are a lot of pizza places using it but it's not so great for those with dietary restrictions - you really don't know what you'll get each time!

[Checkout 51/Caddle/Flipp](#): These are coupon/grocery deal apps – if you have the time to scroll through and to travel to different stores to grab bargains, these apps can be worthwhile. Caddle also has 'rewards' for various purchases, surveys and uploading receipts, which you can cash out once you reach a certain amount.

[GasBuddy](#): Helps you find cheaper gas prices, and if you want to use their 'Pay with GasBuddy' feature it can save you a few cents per liter.