

Formative Strategies To Financial Wholeness

Most Canadians today are harangued by the fear of not having adequate financial resources to meet their monthly commitments. Generally, most families today, live from pay cheque to pay cheque, hoping and praying that there will be 'enough' to cover the necessities of life! Very few, so CanStat reports, are able to put aside savings, and should an unexpected crisis arise, their economic woes would compound instantly.

The reason for this present crisis is easily explained. Often because of advertising, or people of the lack of financial management skills, many spend their financial resources on items or service which they really don't need, or they pay exorbitant prices for the things they do need. Regardless of the reason, Canadians often throw their hard earned finances into the 'basket of economic waste', and, therefore, live under stress and in a state of distress!

One of the possible reasons for this present 'curse' is the predominant sense of 'entitlement' that has been cultivated within the Canadian culture since the early 1960's with the arrival of the credit card.' As this became common place, and more readily usable by Canadians, individuals began spending without considering if they had sufficient financial resources to cover the expenses incurred, or to consider the legitimacy of the purchases made. By the 80's and the acceptance of 'Meism' many individuals were 'hell bent on satifying their whims and fancies regardless of the cost. However, because there were not qualified gudelines established, by 2000 the debt factor had risen considerably, and many Canadians found themselves in an economic crisis. The enjoyment that was expected as part of 'entitlement' soon became a nightmare of economic despair that quickly devolved into acute personal distress.' The following article is presented for your consideration!

“Why We’re Up To Our Necks In Debt!” by Ray Turchansky *The Province Newspaper*, Monday, June 17, 2008.

A rash of recent reports paint a scary picture of Canadians as spending like drunken sailors, leading to the prickly question of whether we should be forced to save our money.

A Statistics Canada study showed Canadians are finding themselves with two mortgages and deeper in debt than at any time in their lives. They are increasingly house poor, and with house prices slipping, they often owe more on their property than it's worth. About 17% of all Canadian households have at least one mortgage, the highest percentage since 1981. The number of Canadians aged 60 and over with mortgages has been increasing since 2001.

People are incurring large mortgages, line-of-credit and credit card debt as they spend on renovations and big-screen TVs. Older people are taking on mortgages due to divorce and to finance the home purchases of children unwilling to save for a realistic down payment. Financial authors like David Back rightly advise people to quit

throwing their money away on rent and instead build up equity in a house. But the plan fails when an interest-only or forty year mortgages mean payments go to banks and not to pay down principal and thus building equity. Finance Minister Jim Flaherty recently suggested it might be wise to outlaw forty year mortgages.

With the Bank of Canada poised for perhaps one more interest rate cut before they start increasing rates in late fall to combat inflation, Canadians facing rising variable mortgage rates or fixed rates that will be reset a higher levels could find it tough to keep their homes. The StatCan study came out at the same time that the Office of the Superintendent of Bankruptcy Canada reported that personal bankruptcies reached their highest level in more than four years during April, up 19.3 per cent over the previous month and 18.3 per cent over the previous April.

And things will only get worse if recent numbers showing a gross domestic product decline during the last quarter continue, signally an economic downturn, and if unemployment rates should start to rise. Scotiabank recently introduced one small step encouraging Canadians to save with its "Bank Rest" program. People using their ScotiaCard for a debit-card purchase can elect to round up the purchase to the next dollar or five dollars and have the difference moved from their chequing account into a high-interest savings account.

People already have three possible sources of retirement income - Canada Pension Plan and its subsidiaries like Old Age Security and the Guaranteed Income Supplement, plus corporate pensions, as well as RRSPs. Perhaps one or more should be enhanced.

But whenever anyone suggest that people should be forced to save more for retirement, the reaction is a resounding 'no'. However, we must resist the temptation to tax or claw back benefits of wealthier people to provide the savings for those unwilling to save for themselves. There is another option, name to reduce people's spending and to make it tougher to go into debt. Don't let people borrow for a house down payment. Restrict payday loan operations. Make credit cards tougher to get while offering debit-card reward programs.

Unless increases in spending and debt change ***THERE WILL SOON BE A DAY OF RECKONING!***

So A Day Of Reckoning Is Not An Illusion - it's becoming a reality that we're living through at this very moment. The question, then, is this . . . are there strategies by which one can safeguard from 'going down with the swell of uncertainty? The answer is YES!

But before we examine the strategies, let's consider some of society's great *MONEY WASTERS!*

Lotteries - Playing the lottery is one of the biggest wasters. The likelihood of you winning the lottery is pretty darn slim, and you just throw that money away each week, in hopes you will have the big payoff. Imagine if you

had saved all that money - how much would you have now? But, some say, “someone has to win the stash; Lotto BC can’t keep it in the bank forever.” You’re right, but the truth is that those that do win are approximately one in one hundred and fourteen million. Think of how many times you’ve lost already; is it worth another throwing of your hard earned, limited cash to ‘chance’?

Buying a new car every few years. It’s great to own a new car; I’ve had the privilege of owning two so far. But cars remain new only as long as they sit on the lot; once you’ve driven them the first 100 KM or so, they’re regarded as being ‘old’. And guess what, your now ‘old’ car is running well, and with proper upkeep and maintenance, which includes an oil change once in a while, that ‘old’ car will last for no less than ten years. My 1998 Sunfire, when washed and waxed, and vacuumed has the glitter of a brand new car. Instead of paying fifteen to twenty thousand every four or five years, and encountering exorbitant depreciation, handle your present car with ‘kit gloves’ and make it last.

Disappoint the car dealership by saving money, *and not yourself by spending on another vehicle!*

Purchasing anything you already have just because it’s “new or improved”. So many people get caught up with the ‘fads of the day’ such as the iPhone, record to CD tape recorders, GPS phone computer system, the satellite radio, etc., and spend big bucks to be in vogue with the times. Don’t get caught in the trap. I did when the fax machine appeared in 1989. You know the ‘ropes’; I just had to have this new device as it was going to save time and make me money. For the fax machine I purchased I paid seventeen hundred dollars. Two years later the fax machine had dropped to less than five hundred dollars, and with five years it was down to less than one hundred dollars. Because I got swayed by a ‘superfluous need’ ***I wasted almost thirteen hundred dollars!***

Investing with a stranger’s advice! Every one has his/her opinion regarding what you and I should do with our finances, and whether or not they’ve been invited for input, they’re usually ready to offer it. Be on guard regarding this for two reasons. First, they may have a hidden agenda in their rhetoric whereby they may skim off a profit by persuading you to follow their advice. Second, they may be offering you advice that they should have followed to save what they may have lost financially. Investment advice from anyone who is not specifically trained in this field, and registered and licensed under the BC Securities Commission (Victoria) is as dangerous as a grenade with its pin pulled. One piece of erroneous advice followed could bring you to immediate, sordid and unwanted financial ruin. Remember those who invested with Principle and Aaron Investments! Many of those, (and I know some well), took advice from friends instead of from credentialed and registered financial advisors.

Eating at fancy restaurants. These exist by the hundreds within Vancouver and the Lower Mainland and they provide a great atmosphere for dinner. The problem with these restaurants is simply this, they add an exorbitant 'up charge' to the meal for the fireside table and the decorative amenities you enjoy for the evening. The meal one eats usually costs no more to prepare here than it does at the local family restaurant, but the tab is usually two to three times the cost. Furthermore, the portions are considerably smaller. Safeguard yourself from these by eating at fancy restaurants on very special occasions such as birthdays, anniversaries, graduations or promotions, and watch for and use the Entertainment Discount Coupons when available. Two years ago Donna and I went for dinner at the Cannery Restaurant downtown; each meal was twenty-three dollars; we saved the cost of one because we had an Entertainment Coupon. Outsmart the restaurant; use their discounts and enjoy their meals!

Sales - buying what you don't need, just because it's on sale. It is important to remember, firstly, that nothing really every is on sale. The term is used as a marketing tool to move 'dead merchandise off the shelf'. And it can be very powerful because psychologically the purchasing public usually instantly equates a sale with a loss to the merchant and buys the article even if it is not needed or if there is no substance to it. Remember - things on sale cost YOU MONEY. A sweater, regularly marketed at eighty dollars, now on sale for thirty dollars, is still going to take thirty dollars out of your pocket. If you already have five sweaters in your closet, guess what, you've just been hooked to waste thirty dollars you could have saved or used for some other necessary expense!

Courses that teach you how to buy real estate for no money down. Money spent on these courses is money thrown to the wind because in most provinces within Canada property purchases need be ratified with a purchase payment of no less than \$5,000 given in trust to the Realty Company processing the transaction. Your Realtor, by Statute, must inform a purchaser of this demand. But remember, if you should attend a course offering you schemes by which you'll be able to purchase property with no down payment, you're already dispensing a fee for the information obtained. To pay for something that is readily available at no cost is ludicrous, to say the least. Avoid paying a cent for such seminars; talk to those that are trained or phone a lawyer for a half hour **FREE CONSULTATION** and get the legal and useful information you need at no cost. Put the money you've saved to better use!

Optional cable and satellite services - especially satellite radio or OnStar services which are used very infrequently.

Seem legitimate at first, but the problem is simply this, in the business of life, and the regular routines of survival, does one reap the benefit of the financial expenditure. OnStar costs almost four hundred and sixty dollars annually for the option, and the satellite radio system costs almost three hundred eighty-five

dollars. With the availability of cellular usage in almost every part of Canada why pay for the extra charge; with the availability of CD music, why purchase special satellite radio. When it comes to extra, over charged, cable channels, DVD's can be purchased cheaply at many stores. Furthermore, ask yourself the question, how many hours of TV viewing do I actually do? Will I benefit from the extra cost?

Educational Bonds For Children - Parents have been indoctrinated with an onerous obligation to provide educational financial resources for their children, and so laboriously they lay aside monthly installments for future use. The problem is two fold. First, those that do this are locking up resources that could be used to offset immediate expenses, and second, they are gambling that the children will have the academic skills and the fortitude to seek out post-secondary training. If the children don't go for further education, additional taxes are paid on the amount saved, and often the interest gained is also heavily taxed. Support your children when you can, and empower them to save money for later education when they demonstrate a sincere interest in their future. Ask yourself this question - What calibre of readiness for future financial management will my child possess if I provide him/her with everything they desire, instead of letting them learn how to manage present resources for future gain?

Boats, Seadoos, ATV's, Off Road Motorcycles - Although loads of fun, they can be very costly investments. Unless one lives in an area of the province where these can be used regularly, the cost and maintenance of these items can siphon an extreme amount of money out of the budget. Many people that purchase these items suggest that the excitement of the moment wears thin after two or three years. Calculate the availability of time, and access to regions of use before purchasing. Consider renting before purchasing, if possible, and bank the excess cash saved. My wife and I purchased a Polaris ATV for our farm near Dawson Creek. We use it once or twice a year. Not really a good decision, but we use it for our farm.

Credit card loans as 'bridges' to the next pay cheque. Very dangerous as the service charge and interest rates charged can be extremely exorbitant. In one incident the charge was thirty-five percent interest on a two week loan from a Money Mart in Coquitlam. Remember, borrowing money against your credit card, or drawing money on your credit card from an ATM includes paying nineteen to twenty-four percent interest on the amount drawn from the moment it is received. Therefore, never, under any circumstance, jeopardize your wealth by turning to a credit card loan. Without question, you will become a slave to the creditor!

Buying property you've never seen - this just seems silly on its own! But, some

people do it! I know of a situation where a lady bought a lot in Arizona that was supposed to be developed nearby a Arnold Palmer Golf Course. In a period of eight years she paid twenty-four thousand dollars towards the purchase. When it was time to receive the title for the property, the management firm told her that the development had been sold to another firm which had now gone bankrupt. When she inquired about receiving a pay back, she was told that she would have to sue the now bankrupt company. The cost of the upcoming legal fees, and the improbability of gaining any return on her investment was minimal, and, therefore, her only recourse was to accept the loss of twenty-four thousand dollars as a difficult learning experience.

Lavishing expensive gifts on loved ones. Often individuals become sidetracked into believing that friendships can be more securely affirmed through expensive or exclusive costly gifts. Unquestionably your friends will accept and appreciate the gifts. But, if your friendship is linked to the cost and ornateness of the gift given, then it is very shaky to say the least. Affirm friendships based on who the people are, and if opportunity arises for purchasing a gift base it on the love you have for them, and not on the cost it becomes connected to. Genuineness of heart is always appreciated more than the glitter or the flash of gold. Furthermore, maintaining friendships through expensive gifts may stress the relationship by putting unwelcome demands on others to believe that they, too, are obligated to purchase expensive gifts

Lending money to friends. Usually it's not very much; maybe ten, or twenty or fifty here and there. No one likes to see his/her friends stressed out financially and so lending a few bucks here or there is of no consequence! But, it can lead to difficulties. Firstly, one is parting with money that he has earned through time and energy that can never be retrieved. Secondly, he is forfeiting control over financial resources that have been rightly earned for present or upcoming expenses, thirdly, he is risking capital that may never be returned and fourthly, he is empowering his/her friend to become irresponsible with his/her money. If a friend is short of cash, unless it is due to an unexpected emergency, he needs to be questioned regarding his management skills before being rescued out of his dilemma. In most cases, individuals who borrow money from friends, have limited control over how they spend their resources. Perhaps saying "no" to a request for a loan would be the best help one could give to these friends!

Extra vehicle amenities such as sunroofs, chromies, tinted windows, metallic paint finishes, etc. - Very costly, and usually don't add to the utility of the vehicle. A car, under most situations, has been purchased for transportation and not as a show piece. Purchasing these items could add well over two or

three thousand to the price of the vehicle. Pocket the money, put in a Tax Free Savings Account and gain tax free interest for later use on a cruise. Your car, even though it isn't fitted with many of the amenities cited above, will still get you back and forth. After all, isn't that the real reason you purchased it?

Designer label clothing - Undoubtedly everyone wants to look his/her best when in public. But we don't have to guarantee Calvin Klein his millions in doing so. Clothes are purchased as a utility for adequate covering unless you have been invited to be a paid model for one of the fashion companies. In light of this, be moderate as to what you spend on clothes considering what will suit your body shape and your personality. Purchase clean, stylish 'mix and match outfits' from thrift stores. Perhaps you might be one of those who can dress like a millionaire on the budget of five or ten dollars. For example, the suits I wear on special occasions look brand new. They aren't, but you'd never know the difference. I purchased them for ten dollars at Bible For Missions, Maple Ridge and the compliments I get are outstanding. Not only do I look good in them, I feel elated that I've saved hundreds of dollars that I could have spent at Tip Top Taylors or Moores Clothing Stores for brand new suits. Test the waters, you, too, might save an incredible amount that you could use profitably somewhere else!

TV Shopping - Don't go there! TV shopping has two problems. Firstly, watching TV dullens one's perception and discreteness as he becomes mesmerized by the colour shifts from the screen. Often, because of this, individuals are not fully cognizant of what they are purchasing. Secondly, often TV shopping offers are for products that appeal to the pride of life - those that make us feel we've got a great deal or that we've purchased a time limited product. Regardless of how one is coerced into purchasing the product no comparative pricing has been done, and in many circumstances, the money has been carelessly spurred on because of the lust of the eyes and the pride of life. Instead of succumbing to the TV channel, use the ten day rule of considering the implications of the purchase before spending the money! At the end, you may be convinced that in fact you really don't need the item that you were tempted to purchase. Again the money stays in your hands ready for use at a later date, and you don't feel beguiled into purchasing something that would later prove to be of no real value or utility to you!

Other ways Canadians *WASTE MONEY*:

A GETTING FAKE NAILS

Take care of the nails God gave you, and recoup an hour every two weeks plus the money you'd spend!

B ORGANIC PRODUCE:

For the label "**Organically Grown**" one usually pays double or triple the regular price. Although your stomach won't know the difference between organic and regularly grown food, your budget certainly will! Save yourself from deception, and from the high cost of organic products by washing the vegetables/fruit well before using and by boiling or steaming them well. In all

probability the sprays used will be neutralized and you will have a great meal with coins jingling in your pocket!

C DISPOSABLE DIAPERS

With every use of disposable diapers one, indeed, is 'flushing his/her money down the toilet. Disposable diapers are upcharged considerably, not because of the quality or help they provide the customer, but because of the knowledge that most will not take time to clean cloth diapers. Disposal diapers quickly erode the budget, not to say anything about the damage it does to landfills.

D ENERGY DRINKS

Not only are they expensive, they have little nutritional value in them. Most contain large amounts of sugar concentrate which give the body a 'false sense of hype'. Most cans of drink cost between \$2-4 dollars for a 32 ounce drink.

F PLASTIC CUPS AND PLATES are consumables that provide a visual affirmation of financial waste. Take the time, pack up plates, cups, knives and forks from home which can be used over and over again and which will add colour and dignity to the event. If you don't have enough for the occasion, ask your friends to bring their own. Certainly this would be more of a welcome than asking their friends to throw two or three dollars into the garbage can which is done when paper plates and cups, and plastic knives, forks, and spoons are used!

G JUNK FOOD

An Ontario survey has discovered that one in ten people are eating healthy food. Most are eating Junk Food. Heart and stroke foundation demonstrates that children are eating worse than ever. They have high blood pressure. Meat and poultry get passed up 32% of the time, and then fruit, vegetables, and great drinks. One health expert says that the government must heighten interest in health foods like they have in home renovations. **Global News, National Report, Wednesday September 9th, 2009**

And do everything within your power to AVOID PURCHASING FAST FOOD STORE COLLECTIBLES. They're a money racket of the highest order.

H PREPACKAGED CLEANING ITEMS

These are sold promising some '**MAGIC WAND SOLUTION**' to the effort you need. Many people are purchasing **DISPOSABLE SCRUBBERS, DUSTERS AND WIPES** instead of using reusable cloths, scrubbers, plastic spatulas. **IN FACT THEY ARE THROWING AWAY THEIR MONEY**

I EXTRAVAGANT WEDDINGS

Most couples getting married do so to build a life of companionship and economic stability so they can enjoy future dreams, plans and goals together. Such being the case, then, why waste life savings on an extravagant, expensive wedding service/banquet which will last three to four hours. Instead of purchasing expensive outfits, hiring costly photographers, putting on an expensive banquet, why not have a casual wedding at a minimal cost and start the new life together economically secure. As to how a couple spends their money for a wedding could well be an indicator as to how they will manage their resources later. Whatever a couple does, they must be in agreement on wedding expenditures; if they fail in this one area, it is highly probable that they will have tension regarding team management of their finances later on in the marriage.

J CONVENIENCE SODAS FROM CONVENIENCE STORES OR DISPENSING MACHINES

The mark up is astronomical, and the nutritional value is minimal. Carry water or fruit juice

purchased from a grocery store in the car. Avoid drinking more than two cans of soda a week; it can be detrimental health wise. Know your needs before leaving home; bring your supplies with you and save money.

Recent reports (February 2010) suggest that drinking two cans of soda pop weekly can be the precursor to heart attacks, stroke, or sugar diabetes. Why spend your hard earned money on things that could damage your health; set it aside for that swim or other weekly health activity that provides a better life now and in later years.

L EXTENDED WARRANTY PURCHASES

This includes costly car service agreements. If someone is asking you to purchase an extended warranty plan they are **INFERRING** that the product does not measure up to CSA standards. Don't buy the product. Rather call the Canadian Service Association and have them check it out. Company warranties should suffice for the product's first year. After that, it may be cheaper to purchase a new product or a good used one from a thrift store.

If you should get hooked into buying an extended warranty, which I trust you won't, ensure that you know who is providing it. A few years ago my wife and I purchased an extended warranty for twenty-four hundred dollars on our Discovery motorhome. Regardless of what happened to the vehicle we could never collect on the warranty because the company was out of province, and the rules in Ontario did not apply in BC. Without saying we wasted twenty-four hundred dollars because we were not adequately informed. Simply put, ***"when in doubt, find out!"***

M EXPENSIVE HOTELS

Why pay outlandish prices for six to eight hours of rest; by planning ahead, you can find accommodations for less than eighty dollars per night. How? Use the Entertainment hotel/motel discount certificates at the back of the book. But you can also save money by signing up for the Mennonite Home Share project which provides for its members up to three nights at no cost in homes of associate member at no cost. If you own an SUV purchase a comfortable air mattress or a roomy tent, and during the summer months, sleep in them in one of the provincial parks. If the aforementioned do not fit within your life-style, plan to stay at hostels across the country. It's unnecessary and unwise to pay up to \$200 per night for any accommodation - you can save money if you determinately plan to do so, and that's what money management is all about!

N PURCHASING GAS GUZZLERS

Buying that SUV, which provides a status symbol for you, is the craziest thing you can do. Firstly, it is more expensive than a regular vehicle, secondly, it sometimes includes a hidden surtax, and thirdly, it will cost approximately 2/3 more to operate. Instead of purchasing that oversized SUV, think about purchasing a smaller vehicle such as the Vibe, the HHR, the Honda CRV. Most smaller SUV's are as comfortable as the larger vehicles, and they will save fuel costs because of the Flexfuel systems built within these units. Enjoy your next trip by passing the pumps more frequently and ***save your money!***

O LETTING CHILDREN SET THE FAMILY BUDGET

In November, 2009, it was reported that children are the market's strongest influence on product purchases. Later it was reported that between September 2009 and December 2009, children between the ages of six to fourteen, had encouraged spending of over thirty million dollars across the country. Market trends today clearly demonstrate that children are ingrained with 'entitlement' and, often, parents are manipulated to believe that the more they spend furnishing their children with their desires, the stronger the family bond will be. This, however, is one of the greatest deceptions distilled within society, and unless it is harnessed in, economic stress and distress will be the future of many family.

Parents, grandparents need to remember that it's **THEIR MONEY** they're spending and

can set boundaries. Parents need to say “**NO**” to their children’s demands, and limit expenditures on things such as of cellular bills, electronics, etc. When children are old enough to spend **THE MONEY THEY EARN**, then they can pay what they want for what they get.

Recently I heard about a young lady in Abbotsford who asked her parents to purchase a pair of beach sandals for ninety dollars. When I asked the parents why they were priced so high, the mother responded, “they guarantee a relaxed walk.” And then, much to my surprise, the mother responded, “we bought them for her because many of her friends had earlier purchased them!”