

# Counselling in Insolvency Matters

First Stage

# Smythe

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## INSOLVENCY



With more than 35 years of experience, Smythe Insolvency is a dedicated team of Licensed Insolvency Trustees and Qualified Insolvency Counsellors serving you in ten British Columbia locations.

# Managing your Money

Managing your money can be hard. Try following some of our top tips to help you stay on track:

- Pay yourself first. Try to put aside at least \$25 per pay or, if you can, 10% of your pay into savings.
- Make a shopping list and stick to it.
- When you go shopping, take only cash. Leave your debit card at home.
- Think before you buy; impulse spending is the downfall of many budgets.
- Look for sales and off-season bargains; compare prices.
- Use coupons and buy store brands; compare prices to see what a difference this makes.
- Don't grocery shop when you are hungry.
- Eat at home. Make your meals from scratch.
- Make a lunch and take it to work.
- Wait for a movie to come out on video or DVD and rent it, or invest in a Netflix account.
- Turn down your heat in the winter and wear a sweater.
- Walk and/or use public transit before using your car to save on gas.
- For long distance calling, use email, calling cards, or Skype.

# Develop a Spending Plan

Spending money is easy. Spending your money **wisely** is something else again.

**Your first step to sound money management is to develop a spending plan to fit your needs and wants within your income. This is called a BUDGET.**

1. Determine your monthly income. This is the money you earn regularly each month. Do not include overtime or income from a second part time job.
2. Keep a record of expenses. Every time you spend money, write it down or save your receipts. At the end of each month, add it up and see where your money went.
3. Start with your savings, then subtract your necessities or needs from your income. Necessities of life are food, clothing and shelter. Once that is paid, the money left over is what you can have left to spend on your wants.
4. Make choices. This is the most difficult part of budgeting. One cannot afford everything one wants, so choices will have to be made. However, there is often more than one way to attain something you want.
5. Learn the difference between regular and irregular expenses. Regular expenses are your repetitive monthly expenses; i.e. rent, hydro, phone. Irregular expenses are unexpected and often unavoidable expenses; i.e. prescriptions, dentist, or medical expenses. You must consider both of these expenses when working out a budget.

Develop a realistic budget. Always estimate your income low and your expenses high.

**Remember: Every family should have at least 3 months' worth of living expenses set aside in an emergency fund, especially now that you have no credit cards to fall back on.**

# Set Financial Goals

## What are your goals?

- Short Term.....achievable within one year  
(i.e: savings account, funds for gifts)
- Medium Term.....achievable within 1 to 5 years  
(i.e: a new car, new furniture, vacation)
- Long Term.....achievable within 5 to 10 years  
(i.e: down payment for property, retirement savings)

*\*Bankruptcies and Consumer Proposals present opportunities. Although they are not a solution to resolve personal/family problems or financial mismanagement, it is an opportunity to deal with the resulting debt and an opportunity to make lifestyle choices that will ensure a better quality of life in the future. They provide you with a second chance.*

## Sources of financial planning assistance

### Newspapers and TV:

If you read just one article a week in the “money” section of your newspaper or watch one hour a month on any “financial” channel, within three months you will have gained a vast amount of financial knowledge that you can incorporate into your day-to-day life.

### Books:

- David Chilton - *The Wealthy Barber*
- Robert Kiyosaki - *Rich Dad Poor Dad*
- Gail Vaz-Oxlade - *Debt Free Forever*
- Gail Vaz-Oxlade - *Money Rules*

# Warning Signs You're in Financial Trouble

## 1. You Have No Idea How Much Money Is in the Bank

**The signs:** You use your debit card freely and thoughtlessly, assuming you have money in the bank — but you're not always right. You rack up overdraft fees on a regular basis.

**The problem:** Living in La La Land will land you in Never Never Land — as in never going to achieve your financial goals. Besides, you are potentially wasting hundreds of dollars a year on unnecessary fees.

**The solution:** Wake up! You need to get in the habit of checking your bank account balance on a regular basis (once a week at least) and studying your monthly bank statements to get a grip on where your money goes and how you can better control it. Try only paying in cash for a month to begin training yourself to spend mindfully.

## 2. You Use Credit for the Basics

**The signs:** You're at the checkout line at the grocery store or at the gas station and the amount due makes you nervous. So you choose to swipe your credit card instead of your debit card.

**The problem:** You are living paycheque to paycheque and racking up debt.

**The solution:** Something's gotta give. Your spending is a good place to start. Review your budget and look for areas where you can cut back (maybe eating out, groceries, personal care, etc). You may need to reevaluate your living situation — perhaps relocate somewhere cheaper, or seek out opportunities to increase your income, whether it's a different job or a second, part-time job.

### 3. You're Paying Off One Debt With Another

**The signs:** You transferred a credit card balance to another card, plan to or are always tempted by balance transfer offers. Or you're paying your mortgage, car or student loan bill with a credit card.

**The problem:** You live way beyond your means. And balance transfers, while beneficial in some cases, are often the result of credit card abuse combined with a lack of discipline to pay off the debt. Plus, they can cost you hundreds of dollars in fees (or more if you do it repeatedly).

**The solution:** Put your fixed loan payments on autopay and organize your debts with a clear action plan to pay them off in a timely manner that will save you the most money in interest and allow you to avoid paying extra debt consolidation or balance transfer fees. Call your creditors to negotiate lower rates and create a customized payment plan if necessary (keep in mind that it might take a few calls to get the response you want).

### 4. You Avoid Opening Bills and Credit Card Statements

**The signs:** The pile of unopened white envelopes on your desk is growing. (Or if you've gone paperless, you have a growing list of bolded, unread emails.) You're also avoiding answering calls from 1-800 numbers.

**The problem:** You are drowning in debt.

**The solution:** You need to answer the phone or call whoever you owe money to and explain your situation. You might not believe it, but most companies are willing to work with you to figure out a payment plan that offers you some relief while ensuring that they continue to get paid.

## 5. You're So Used to Carrying Debt You Don't Think Twice About Adding More

**The signs:** "What's another \$100? I'm already in debt."  
Justifying an obvious bad habit is a big red flag.

**The problem:** You are resisting necessary change. It's easier to continue bad habits than to do the hard work it takes to develop good ones.

**The solution:** Cut or lock up your credit cards (or delete your saved credit card information from your most frequented online retailers) so you can avoid temptation as much as possible. Also, when you find yourself justifying an unnecessary expense in your mind, say it out loud. Chances are, hearing the words will help you catch yourself before you make another mistake.

## 6. You Find Yourself Saying, "Just This One Time."

**The signs:** You know you are doing something you shouldn't, like tapping into your investments or using credit for a cash advance, but you justify it by convincing yourself it will be a one-time thing.

**The problem:** Committing a financial crime once almost always leads to being a repeat offender. Soon enough you'll be saying "just one more time" and then Pandora's box of bad money behaviors is wide open. This can quickly add up to deep debt and serious financial trouble.

**The solution:** Don't do it! If it feels wrong, it probably is wrong. To help avoid temptation, take a few minutes to Google your idea and read lots of reasons why you shouldn't do it.

## 7. You Ask Family or Friends for Money

**The signs:** If you have to ask someone for a loan, you're probably already in financial trouble.

**The problem:** Using others as a crutch hinders you from achieving financial security and freedom. If you don't let yourself fail, how will you learn from your mistakes and ultimately make better money decisions?

**The solution:** Rather than mooching from a family member and/or friend, enroll them in your mission to achieve financial independence. Ask for their guidance and plan to check in with them on a regular basis. Having an active partner in your financial fitness program (like a workout buddy) will help you stay on track and accountable.

# Resources

**Gail Vas-Oxlade** - Financial advisor, renowned author, and host of Canadian television series Til Debt Do Us Part, Princess, and Money Moron - [www.gailvazoxlade.com](http://www.gailvazoxlade.com)

**Financial Consumer Agency of Canada** – [www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca)

**Canada Revenue Agency** – [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)

**Consumer Protection BC** – [www.consumerprotectionbc.ca](http://www.consumerprotectionbc.ca)

**BC Government Website** - Resources for health, education and training, taxes and tax credits, housing and tenancy and more) – [www.gov.bc.ca](http://www.gov.bc.ca)

**Equifax Canada** – [www.equifax.ca](http://www.equifax.ca)

**Trans Union** – [www.transunion.ca](http://www.transunion.ca)

# Our Locations

## BURNABY

501 – 3292 Production Way  
Burnaby, BC V5A 4R4  
**T:** (604) 265-4180  
**F:** 1 (855) 382-2660

## CAMPBELL RIVER

590 – 11th Avenue  
Campbell River, BC V9W 4G4  
**T:** (250) 286-1261  
**F:** 1 (855) 382-2660

## COURTENAY

250 – 470 Puntledge Road  
Courtenay, BC V9N 3R1  
**T:** (250) 339-2418  
**F:** 1 (855) 382-2660

## LANGLEY

305 – 9440 202 Street  
Langley, BC V1M 4A6  
**T:** (604) 282-3610  
**F:** 1 (855) 382-2660

## NANAIMO

201 – 1825 Bowen Road  
Nanaimo, BC V9S 1H1  
**T:** (778) 762-0800  
**F:** 1 (855) 382-2660

## NORTH VANCOUVER

305 – 221 Esplanade West  
North Vancouver, BC V7M 3J3  
**T:** (604) 265-4180  
**F:** 1 (855) 382-2660

## SQUAMISH

37897 – Second Avenue  
Squamish, BC V8B 0R2  
**T:** (604) 265-4180  
**F:** 1 (855) 382-2660

## SURREY

200 – 7404 King George Boulevard  
Surrey, BC V3W 1N6  
**T:** (604) 265-4180  
**F:** 1 (855) 382-2660

## VANCOUVER

700 – 355 Burrard Street  
Vancouver, BC V6C 2G8  
**T:** (604) 265-4180  
**F:** 1 (855) 382-2660

## VICTORIA

301 - 1321 Blanshard Street  
Victoria, BC V8W 0B6  
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