

Developing a Personalized Financial Plan

QUÉBEC EDITION

- A budget contains a list of your planned and actual expenses and your income, which includes all of the money you receive from work, government and investments.
 - Income does not include sources of credit.
- Using a budget helps you see exactly how you are spending your money so that there are no surprises.
- A budget benefits you, so it is important to be honest with yourself when you are creating your budget.



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HOW DO I CREATE A BUDGET?

Step One: Track Your Monthly Income and Expenses

- Keep all pay stubs, bills and receipts for cash purchases to help you figure out what your monthly income and expenses are.

Step Two: Record Your Monthly Income and Expenses

- List all of your monthly income and expenses.
- Use a budget worksheet to add up your income and expenses for the last month.
- If you have certain expenses that are paid annually, divide the number by 12 to determine your monthly cost.
- Continue tracking your income and expenses in this way every month.

Step Three: Calculate Your Total Money Available

- Subtract your total monthly expenses from your total monthly income to get your *Total Money Available per month*. Finally, subtract any loan and credit card payments from your *Total Money Available per month* to see if you have money left over or not.
- If you do not have enough income to pay your expenses, you need to look over your budget and see where you could spend less money.

SAMPLE MONTHLY BUDGET

INCOME

Salary or benefits (after tax and other deductions)	\$ _____
Government Benefits for Retirement (QPP, OAS, GIS)	\$ _____
Income From Registered Investment Products (RDSP, RRSP, RRIF)	\$ _____
Annuities	\$ _____
Foreign Pensions	\$ _____
Workplace Pension Plan	\$ _____
Income Support Program for Older Workers	\$ _____
Survivors' Benefits (RRQ)	\$ _____
Last Resort Financial Assistance (Welfare & Disability)	\$ _____
Shelter Allowance Program	\$ _____
Worker's Compensation (CSST)	\$ _____
Québec Sales Tax Credit (QST)*	\$ _____
Goods & Services Tax Credit (GST)	\$ _____
Québec Tax Credit for Home Support Services for Seniors	\$ _____
Québec Property Tax Refund*	\$ _____
Self Employment Income	\$ _____
Interest and investment income	\$ _____
Other Sources of Income	\$ _____
TOTAL MONTHLY INCOME	\$ _____

* Starting in July 2011 the QST and the Property Tax Refund will be combined into one credit called the Solidarity Tax Credit

SAMPLE MONTHLY BUDGET

EXPENSES	
Housing Expenses	
Rent/Mortgage	\$ _____
Condo Fees	\$ _____
Property Taxes	\$ _____
Cable/Internet/Telephone/Cell Phone	\$ _____
Repairs and Maintenance	\$ _____
Heat/Air Conditioning	\$ _____
Hydro/Hot Water Tank Rental	\$ _____
Living Expenses	
Gas/Car/Public Transit/Taxi	\$ _____
Insurance (Life, Health, Travel, Home, Disability, Car, etc)	\$ _____
Food	\$ _____
Clothing	\$ _____
Medications and Other Medical Expenses	\$ _____
Dental Care	\$ _____
Laundry	\$ _____
Pets	\$ _____

SAMPLE MONTHLY BUDGET

EXPENSES	
Personal Expenses	
Savings	\$ _____
Magazines/Books/Newspapers	\$ _____
Eating Out (Restaurants/Cafes)	\$ _____
Recreation/Entertainment (Movies, Bingo, etc)	\$ _____
Personal Grooming (Hair/Cosmetics, etc)	\$ _____
Gifts/Donations	\$ _____
Bank Fees	\$ _____
Cigarettes/Alcohol	\$ _____
Other Expenses	\$ _____
TOTAL MONTHLY EXPENSES	\$ _____
TOTAL MONTHLY INCOME	\$ _____
TOTAL MONTHLY EXPENSES	-\$ _____
TOTAL MONEY AVAILABLE PER MONTH (Total income minus total expenses)	= \$ _____
Minus LOAN PAYMENT	-\$ _____
Minus CREDIT CARD PAYMENT	-\$ _____
SURPLUS/DEFICIT	= \$ _____

HOW DO I STAY ON BUDGET?

Be honest and realistic. Spend less than you earn. Make sure you list everything. Set short-term (pay off total credit card balance) and long-term goals (savings).

- Know the difference between needs and wants. If you do not *need* to purchase something, consider putting the item back on the shelf.
- Comparison shop by buying groceries on sale or at less expensive supermarkets. Comparison shop for services, such as phone providers and insurance.
- Use coupons, and find out which stores give seniors a discount.
- Use credit cards only for emergencies.
- Pay off your total credit card balances before the due date each month to avoid paying interest and other fees.
- Learn to say “no” when kids, relatives, and friends ask for money.
- Save regularly into a no fee savings account.
- Update your budget every month. If circumstances change (e.g., change in income), remember to add the changes to your budget.
- For Free Budget Courses call **l’Union des consommateurs** at **514-521-6820** or toll-free: **1-888-521-6820**.

HOW CAN I INCREASE MY SAVINGS?

- A standard guideline is to save at least 10% of your pay (e.g., If you make \$1,000 a month, try to save \$100 from your pay).
- If you have a lot of debt or if you have high interest debt, concentrate on paying off the debt before trying to save.
- If your income changes each month, adjust your savings accordingly.
- Build precautionary and longer-term savings into your monthly budget. Consider putting \$10 per week into an account to cover emergencies, unexpected increases in expenses, and declines in income.
- You might look into setting up an automatic savings program with your bank.
- Each year, challenge yourself to reach a higher savings goal.

Low-Cost Montreal Dental Clinics

Call the McGill University Dental Clinic at 514-934-8042, the Jewish General Hospital at 514-340-7910, or John Abbott College (dental hygiene clinic) at 514-457-5010.

This is one of the series of Financial Literacy for Older Adults pocket tools. For more information about NICE tools or related training events, please visit

www.nicenet.ca

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