

SOURCE LINES

Financial Literacy - The ABC's of Money: Part II

RRSP Season has come and gone with March 1st being the last day to make a contribution that would apply to last year's income tax filing. But it's not too late to start getting ready for next year. In fact, now is the perfect time to begin contributing to some plan.

THE PROBLEM WITH BUDGETING AS A WAY TO SAVE MONEY IS THIS:

THE THINGS WE WANT BECOME THE THINGS WE NEED.

In the previous newsletter I referred to David Chilton's book **The Wealthy Barber**. The central message of the book is that we must learn how to take care of our

money. If we don't, no one will.

As a step in this direction Chilton takes a look at budgeting as a way of successfully managing our money. He knows that for many of us the "money keeps running out before the month does." Chilton does not see traditional budgeting as a reliable way of saving money. (How many of us does it really work for?)

A big part of the problem of budgeting as Chilton sees it is that *the things we want become things we need*. The main goal of advertising is to get us to turn off our brains long enough to get the feeling and belief that we will be very unhappy if we don't buy some particular thing. If

we want it, we need it. The commercial says we "deserve it". If we don't have the cash there is always "plastic money".

And so, this month's credit card purchases become 3 more months of over-time at work, or moonlighting at a second job. Before we know it we're over our heads & unwell: working like crazy to get out of a hole that keeps getting deeper; feeling trapped, angry, used, and hopeless about ever really changing things. In this kind of a situation we all are sure there is no money left over at the end of the month for 'saving'.



Chilton has a simple solution for this problem. He says, "**Pay yourself first.**" The core of this idea is to **treat savings as an expense or debt and pay it first**. Treat savings as though it were a bill that we need to pay or else our heat and lights will go off.

Becoming smarter with our money is a step towards wellness and a better life. "You'll find sleep comes more easily when you're earning interest rather than when you're paying it."

Random Thoughts

Would you rather be an "answering machine" or a "questioning machine?"

"The difficulty lies not so much in developing new ideas as in escaping from the old ones."—John Maynard Keys

"You can't use up creativity."—Maya Angelou

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