

Tips to Improve Your Financial Situation



November is financial literacy month and we have tips to help you understand the importance of financial knowledge and how to set yourself up for success.

Why is financial literacy so important?

Not only does improving your financial understanding make you feel more comfortable and confident when it comes to your money, but it can also:

- Increase your decision-making skills when choosing insurance, loans, investments, and using a credit card
- Improve your ability to make solid financial judgments
- Improve your chances to complete achieve financial objectives
- Gain control with effective debt and money management
- Gain cost-savings and reduced financial stress

How to improve your financial literacy?

With all these benefits to financial literacy, where do you start?! The following tips will help you with gaining control of your finances and improving your knowledge:

- **Create a Budget:** First and foremost, create a tracker for your monthly income and expenses to see where your money is going.
- **Choose the Right Account(s):** When it comes to banking, do you have the RIGHT account? For instance, it is best to utilize high-interest or tax-free savings whenever possible. It also helps to review your account fees and talk to your bank to review options and reduce unwanted costs.
- **Set Up an Emergency Fund:** Every individual should have an emergency fund that can cover up to six months of your expenses should something happen. This account can also be helpful should your car break down, pet get sick or appliances need replacing BUT be sure to put the funds back into the account as soon as possible to ensure it is always topped up.
- **Save for Future Expenses:** This is not the same as your emergency fund! This fund should be used to save up for that new car, vacation or schooling that is needed and these funds should be separate from all your other finances as you don't want to be tempted to take money out of it.
- **Understand Needs vs Wants:** A big factor when it comes to spending is wants versus needs. Sure, we all WANT the latest tech or fancy car but do we need it? Determining what is a need and what is simply "nice to have" will help you put your money where it is most important.
- **Consider Meal Planning:** Groceries have been steadily increasing in price and can catch you off-guard if you're not paying attention! Meal planning can help with your shopping list, as well as avoiding unnecessary drive thru lunch trips!
- **Utilize Automatic Transfers & Payments:** By setting up funds to automatically move into a savings account each month, or automatically pay certain bills, can help ensure your budget stays on track and that you never miss a payment!
- **Limit Credit Use:** Did you know? When you use most of the credit available to you, it can hurt your credit rating. Limit your credit use to 30% or less of your available credit.
- **Review Your Mortgage:** On bi-weekly payments? Monthly? Are you finding that they are working for you? If not, don't hesitate to reach out your mortgage professional to discuss your options such as changing your payment or amortization schedule, considering refinancing or consolidating your debt!

Whatever your financial situation, being educated on your options and understanding how your decisions can impact your cash flow is the most important step to financial comfort!

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