

September 2012

Money Management Tips to Prepare for the Future

While retirement may be several years away, there are many practical tips you can implement now that can assist you in the years ahead.

Many Canadians struggle with managing various financial commitments. These could include paying off a mortgage or other personal loans, taxes, monthly living expenses, and health or education costs. Some money management strategies to consider are:

1. Monitor the use of credit cards and pay off the balance owing each month when it is due to avoid incurring interest charges. Many Canadians take advantage of the convenience to access instant cash through the use of credit cards, but are not able to pay off the amount in full and accumulate too much debt as a result.
2. Set aside a little money each month in an emergency fund. When you are faced with an unexpected emergency, for example car or home repairs, you may need to have access to cash. Instead of using retirement savings for emergencies, having an amount set aside 'just in case' can be a valuable safety net.
3. Determine the timeline in which you wish to pay off your mortgage, where applicable. Your mortgage company can provide amortization schedules for you showing how much you would need to pay off in order to reach your timeline. Many homeowners do not do this and as a result reach retirement with a substantial amount owing on their mortgage, in some cases causing them to choose to defer their retirement.
4. In order to save for a child's post-secondary education, take advantage of government supported Registered Education Savings Plans where possible. Many individuals who do not do so draw on their retirement savings to fund these costs and may reach retirement with insufficient funds to retire.

To discuss the impact of money management strategies on your retirement planning, contact Reuter Benefits via telephone at 1-800-666-0142 or by email at retire@reuterbenefits.com.