

Steps to prevent future debt

Think about the unexpected expenses that might happen again this year. Consider what steps you could take to prevent them from adding to your debt. For example:



Make saving automatic

Set up an automatic transaction to your savings account each month – even \$10 per month can add up.



Save on monthly bills

Check to see if you are eligible for energy assistance programs to lower your monthly costs. Negotiate a better deal on your cell phone or internet plan.



Plan ahead

Look for spikes in the year when more money will come in, such as a tax refund. Plan to save this money for future expenses or emergencies.

This year, when I receive or save _____ I will set aside \$ _____ for _____.

The true cost of borrowing

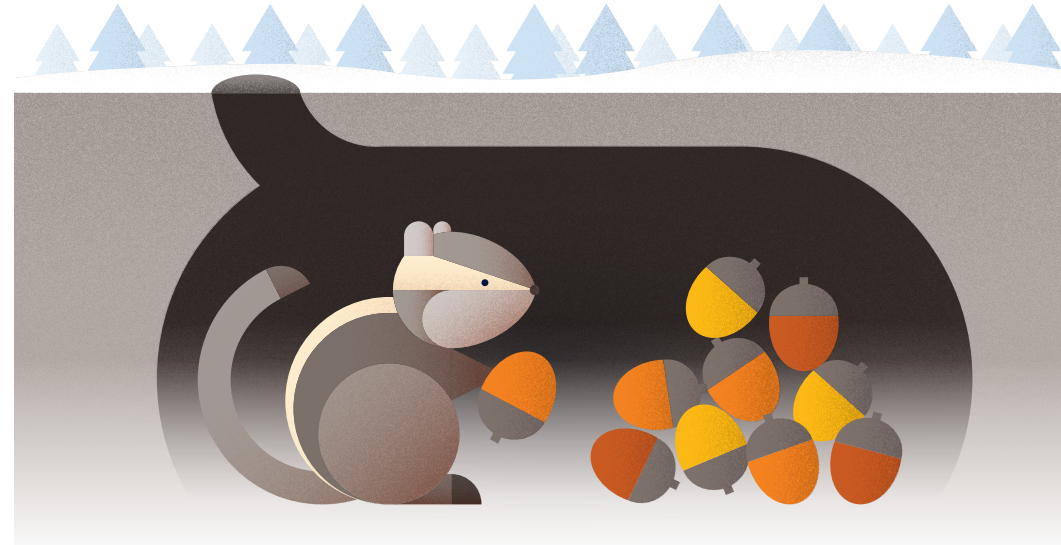
Saving up even a few hundred dollars for an emergency expense can make a big difference in the true cost. Compare the different kinds of borrowing shown below, with different interest rates of repaying:

Payment method	Cost of item	Interest or fees	Total cost of item
Cash	\$300	\$0	\$300
Credit card (making minimum payment)*	\$300	\$48.13	\$348.13
Payday loan (repaid late after 2 months)**	\$300	\$103	\$403

* Credit card making minimum \$20 payment at 20% interest rate, repaying over 1 year and 6 months

** \$40 fee for late payment + \$63 initial borrowing charges for the \$300 payday loan. (<https://www.canada.ca/en/financial-consumer-agency/services/loans/payday-loans.html#toc3>)

04 Tracking fluctuating expenses



Knowing your spending needs can help prevent borrowing more money in the future

Unexpected expenses can make it harder to pay off debts. Think about some of the unexpected expenses you had this past year. Consider how much money these cost you at the time, and whether any of these are likely to happen again. Use this worksheet to plan ahead for emergency or fluctuating expenses. If you can make a plan to pay for these this year, you'll be less likely to borrow more money.

This worksheet will help you to:

- Remember and write down expenses that led to debt last year
- Plan for expenses that could lead to debt this year
- Take action to keep these kinds of expenses from turning into new debt

Examples of fluctuating or unexpected expenses could include:

- Back-to-school expenses
- Extra heating or hydro costs during the winter
- Gift-giving times of year
- Repairing your car

My unexpected expenses last year

Use the chart to document expenses you had at different times over the past year. Estimate the cost of this expense. If your income was seasonal, draw a box around the months you received money. Then, make a note if this expense is likely to be repeated this coming year.

Month	Expense	Estimated cost	Could this expense happen again this year?
January			
February			
March			
April			
May			
June			
July			
August			
September			
October			
November			
December			

Beware of impulse buying

Sometimes we end up spending too much because we act impulsively or “splurge” on something we don’t really need. This can lead to regrets or “buyers remorse” later, especially if it’s a purchase we can’t return.

Think about times when this happened to you in the last year when you acted impulsively. What were you feeling or struggling with that made you spend too much? Use the chart below to brainstorm what you could do differently if the temptation to splurge happens again.

Time of year	What was the splurge, and why did it happen?	How much did it cost?	What could I do differently?
End of the winter	<i>I had a very bad week and just wanted something new and fun, so I bought a new purse.</i>	\$100	<i>Talk to a friend about how I'm feeling instead of spending money. Put aside \$20 towards a purchase later on. Spend \$15 to take myself to the movies instead.</i>