

## **FIRST COUNSELLING SESSION**

### **CHECKLIST**

#### **MONEY MANAGEMENT SKILLS**

- Cash basis until your discharge from bankruptcy has been granted – minimum nine months.
- Retain receipts for the next nine months - Once cash flow is known, ability to make decisions as to where money is spent.
- Set a goal. This cash flow knowledge allows you to make informed decisions concerning your finances. You have some choices concerning your finances.

#### **You can increase your income:**

- A part time job
- More hours at your present job
- A non-working family member could try to find work
- Perhaps take in a boarder or start baby-sitting.
- If you have lost your job and think you might qualify for EI Benefits, apply right away. Find out if you can earn extra money without changing the amount of benefits you can receive.

#### **You can decrease your spending:**

- Once you know your cash flow after a few months of filing monthly statements, you will know what your expenses are. Look at each expense item on your budget. Do you want to spend more or less than you are currently spending on each item? Would you rather spend the money on something else?

#### **Add your own ideas to this list:**

- Pack a lunch instead of eating out
- Take a bus, car pool, or walk to work rather than drive alone
- Buy fewer prepared foods, make more meals from scratch
- Don't use credit cards after bankruptcy, or if you do use them, pay the total balance owing on time every month.

#### **Sell something that you own:**

- You may have a lot of small stuff around that could bring a few dollars at a garage sale.
- Leave out clothing purchases for adults in the short term
- Look for second hand/less expensive clothes for children
- Plan weekly (or monthly) menus and make a shopping list for groceries to cut food costs
- Find cheaper, or even free, fun things to do
- Check into subsidies for necessities of life, housing, childcare and health care
- Cut long distance phone charges
- Other ideas:

Budgeting is an on-going, lifelong skill. When your income or expenses change, or when you decide to change your goals, you'll want to review and adjust your budget.

## **SHOPPING HABITS**

- Check for deals
- Shop with your list and stick to it
- Use coupons
- Reconcile monthly statements and make decisions now that cash flow is known.
- Plan menus based on food that is on sale for food shopping and buy what you need.
- Do one large shopping every 14-21 days.
- Cut one or more meat dishes per week & substitute pasta
- Avoid convenience foods, convenience stores
- Invite friends to share a meal instead of going out to a restaurant
- Excellent resources available in libraries

## **SURE WAYS TO SAVE**

- Don't go shopping
- Live within your means (try to have money left over at the end of the month)
- Take care of what you have-keep it until it wears out
- Do it yourself – repairs, recycling, reusing, etc.
- Anticipate your needs
- Get the best value for your dollar
- Get it for less
- Buy it used

## MONEY WASTERS

- lotteries and bingo
- buying a new car every few years
- anything that's new and improved
- credit life insurance
- investing on the advice of someone you have never met
- fancy restaurants
- buying something on sale that you do not need
- Courses that teach you how to buy real-estate for no money down
- Optional cable television services
- investing in something you do not understand
- life insurance for children
- gambling
- spending vested pension benefits when you change jobs rather than rolling them over into RRSP
- boats
- credit card loans
- buying property that you have never seen
- gold cards
- lavish expensive gifts on loved ones and friends or on yourself
- driving to work alone
- lending money to friends
- holding on to investments for sentimental reasons
- sunroofs
- smoking
- designer label clothing
- low interest savings accounts
- buying anything to keep up with the Jones, such as family beepers or cell phones
- TV shopping

**Network: let people know what you need**

## WARNINGS OF FINANCIAL DIFFICULTIES

### CREDIT DANGER SIGNALS

Everyone experiences financial problems at some point in their lives. The trick is to identify the danger signals early and do something about the problem before it escalates out of control. The budgeting skills that you are learning and using now, are your first line of defense against future financial problems - **live within your means and know the warning signs:**

- using credit to create income
- you have to put off paying rent or utility bills as they come due because of other payments
- no savings or emergency fund
- charging more per month than paying on account
- no money before payday
- consolidating loans
- requesting credit limit increases
- impulse buying
- you don't know your real monthly expenses
- using a credit card as a source of financing rather than a convenience
- "To Hell with Tomorrow" Attitude
- only able to pay the minimum amount on charge accounts and credit cards
- the monthly payment you must make forces you to give up items or activities that are important to you, such as piano lessons or family holidays.
- you have to moonlight to handle bills
- you are unable to save some money each month for short or long-term goals
- NSF cheques

## **OBTAINING AND USING CREDIT**

- an offense until discharged from bankruptcy
- cash only for at least nine months, you **can survive without credit**
- if you obtain credit after your bankruptcy, make sure that the credit is benefiting you, not you working for the credit card/loan company. For example, do not carry a balance on a credit card, don't make payments late.
- put your payments to the estate into a savings account, once discharged, don't put the cash back into your cash flow. You will then have the cash when you need it. i.e. new tires, school clothes, etc.

## **THE PROS AND CONS OF CREDIT**

Credit itself is neither good nor bad. Like every tool the consumer has, credit can be used in ways that are helpful or ways that are harmful. The key to making wise credit decisions is to consider all the factors, weight them against personal needs and values and then make a balanced decision that suits your circumstances.

Using credit offers several advantages, such as allowing you to have the immediate use and benefit of goods and services even when your cash is limited. Other advantages include helping you to meet the expenses of unexpected emergencies, allowing you to take advantage of sales or special bargains, helping you keep track of your expenses (with the receipts from credit transactions), allowing you the convenience of making one payment rather than several and helping you to avoid the necessity and the risks of carrying large amounts of cash.

On the other hand, you should also take into account that using credit to obtain immediate use of goods and services for which you do not have the cash may result in your having trouble keeping up with the credit payments later. Using credit may make it easier for you to buy on impulse, which can play havoc with your finances. Taking advantage of special sales and bargains may end up costing you more in interest charges later than you saved by buying at the reduced price. The convenience of credit may lead you to forget to keep track of what you owe until the monthly statement arrives. If you do not stick to your budget, keeping track of your credit purchases will not be of much help. Finally, although credit cards are not cash, they should be treated with the same care and safeguarded to prevent fraudulent use by others.

An objective of this session has been to present to you the basics of budgeting, credit and money management.

You know the stress money problems can cause. You have been given a fresh start, and unlike many people, you have the perfect opportunity to take advantage of some of the plans outlined to relieve the stress and achieve your goals.

See what you can accomplish in the next six months. Do not be afraid to make mistakes, for you will. We look forward to seeing you at our next session and reviewing with you the progress you have made.

## **Bankrupt's Responsibilities**

- 1) Bring in **any credit cards** that were not surrendered to the Trustee at the time of sign up.
- 2) Review the **'asset section'** of your Statement of Affairs. Please bring in any missing information (serial numbers (for any equipment or vehicles, etc), street or legal address for any real property, policies numbers for insurance and securities (company, address, and account numbers)].
- 3) Review the **'liability section'** of your Statement of Affairs. Please bring in any missing information (creditors existing at time of sign up which are not listed, as well as any missing addresses and account numbers).
- 4) Bring in a summary of your employment from January 1 to the date of your bankruptcy. This will include any summaries (year-to-date on your paystubs) showing the amount of all monies received for this calendar year from your current employer or any other employers during this period; pension plan, disability plan, social assistance., Employment Insurance (EI), WCB, child support, maintenance, etc.
- 5) If you cashed in any RRSPs between January 1 and your date of bankruptcy, you are required to provide information regarding that transaction (Company, address, amount, account number, date of transaction).
- 6) **Please remember that your debts will not be discharged and your creditors' rights will be reinstated if you fail to attend your counselling sessions.**

Should you have any questions, please contact your local office (Edmonton 425-7000, Red Deer 348-5880, Grande Prairie 513-6100) or our head office at 1-800-323-0097.