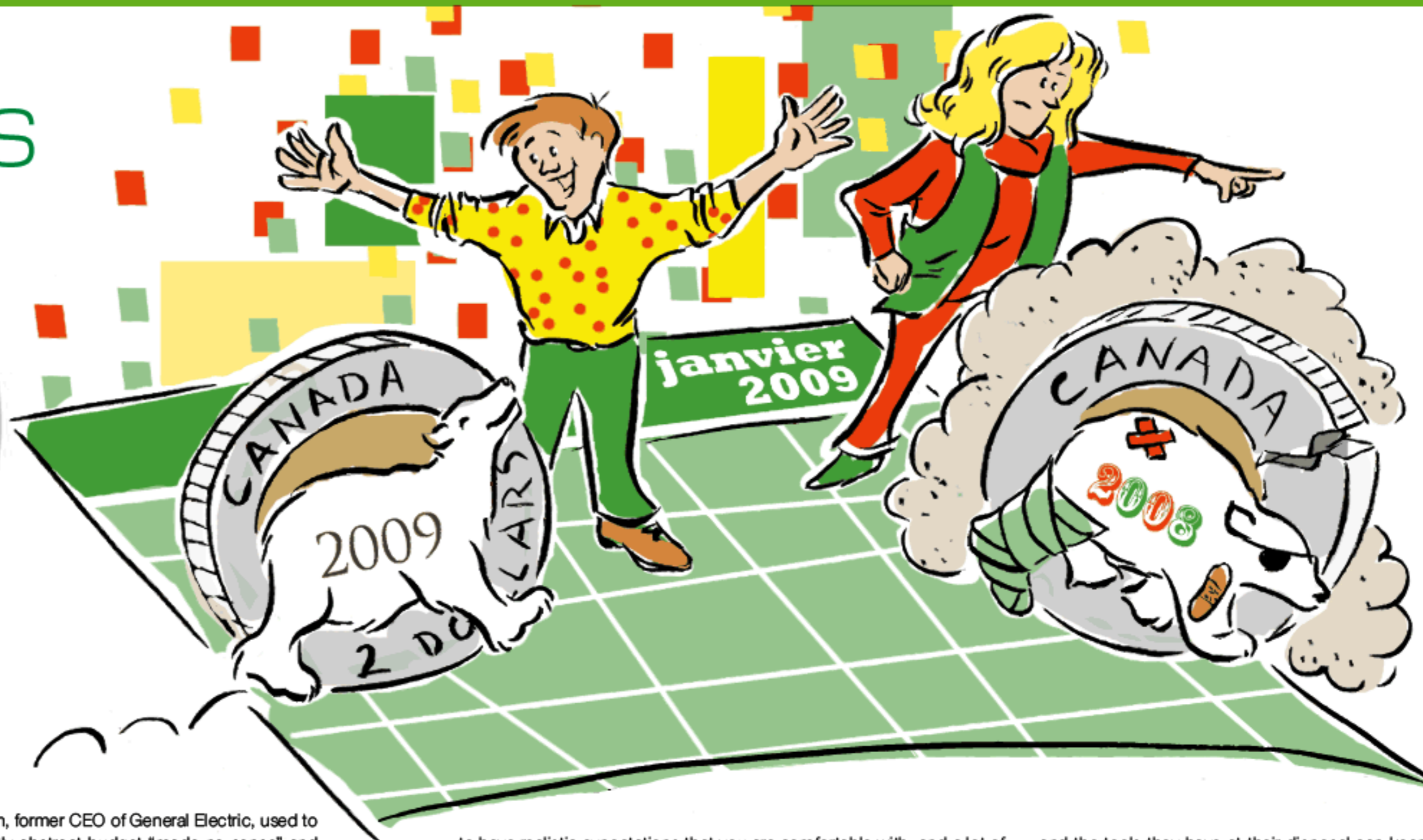


BY ANNIE BOUTET | ILLUSTRATION: EVENTUS

Good New Year's Resolutions for 2009

So you got caught up in the Holiday spirit, spending money left, right and centre, and now it's January and your wallet is feeling the after-effects. What can you do? Here are a few good financial resolutions for 2009.



Take stock of your finances

Income? Expenses? Where do you stand now that the Holidays are over? The New Year is always a good time to take stock of your finances. According to Jean-Rémy Deschênes, Business Coordinator at Desjardins' Wealth Management Services, you should not have to spend half the year paying off your Holiday splurges. "If that is what you find yourself doing, you need to make some changes, and fast. Especially in today's financial conditions, where it is more important than ever to get back to basics and think about building up your long-term financial independence." Now that the New Year has started, it's time to draw up your financial balance sheet so you know exactly what you own – house, investments, RRSPs, etc. – and what you owe (mortgage, loans, lines of credit, credit card balances, etc.). This is the only way to find out your net worth and see what kind of financial leeway you have.

Use discipline to pay down debt

The best way to minimize loans, pay down your debt and build up your savings is to design a budget. It is strongly recommended that you have the entire family participate, since it has to take into account the needs of each family member. This is a great opportunity to educate your children about finances by teaching them to be responsible about money and making sure they understand the value of a dollar. A budget is also a way to provide for unforeseen expenses, especially at a time of eco-

nomie uncertainty. Jack Welch, former CEO of General Electric, used to like to say that having a strictly abstract budget "made no sense" and that he preferred to think of budgeting in terms of objectives and well-being. (See our article on family budget management on page 10).

Contribute to your RRSP

Despite the financial market uncertainties, everyone should contribute to their RRSP in order to reduce income tax and have more money when they retire. You don't have to come up with \$5,000 all at once to make a contribution. Even \$20 a week is a good start. The idea is to be consistent and include your contribution in your budget. "An RRSP is one of the rare tax shelters available to individuals, and people hardly use it. However, it can be very helpful at retirement, when buying a first home or if you decide to go back to school full-time," notes Jean-Rémy Deschênes. It's a multi-purpose financial tool that offers a good way to achieve financial independence, regardless of the market situation. Why deprive yourself of the benefits?

Give yourself the means to achieve your dreams

As you know, there are few ways to achieve your dreams aside from saving your money. "It's also the only way to get rich," stresses Mr. Deschênes. Pay yourself first, before you spend – it's a principle that makes a lot of sense! Save a few dollars each week by paying yourself through an automatic money transfer. It doesn't matter how small the amount – it all adds up! In fact, the idea is to get the whole family into the habit of saving money. To maintain good savings habits, you need

to have realistic expectations that you are comfortable with, and a lot of discipline. Ideally, your annual savings, whether registered or not, should equal 10% of your net income. One thing is certain: the younger you are when you start putting aside money, the easier it is to make your dreams come true later on, at various stages of your life.

Manage your income tax situation wisely

While filling out your income tax returns may seem relatively simple, it is sometimes wise to hand the job over to a professional to make sure you are getting all the deductions you are entitled to receive. Also, the more complex your financial situation is, the more important it is to get advice and adopt specific strategies for each fiscal year. Filing your tax returns gets more complicated with each passing year, which is why a tax professional may be better equipped to deal with your tax situation than you are.

Meet with your personal finance advisor

Along with your annual health check-up, you should also meet with a personal finance advisor once a year to update your file and see whether your efforts are producing the desired results. "This is especially important when financial markets are unstable," emphasizes Jean-Rémy Deschênes. The professionals at your caisse draw on all their expertise to serve you. Their knowledge of financial issues can help guide you,

and the tools they have at their disposal can keep you going until your dreams become a reality and you have the results you have been working so hard to achieve.

Be a responsible consumer

Avoid waste, limit excess consumption, recycle, resist the temptation to overindulge – in short, be smart with your money. Good consumer habits are all the more important in difficult economic times. Be aware of the products you are purchasing, what they are made of and under what conditions they were manufactured. Make sure that the products and services you buy are manufactured and distributed with respect for people and resources. Do something small, but do it regularly. Good habits build on themselves, slowly but surely. Plus, you'll be doing your part for the planet! (See also our article on responsible consumerism on page 22.)

Treat yourself!

Once your finances are in order, your debts paid and your budget and savings plan well in place, treat yourself as a reward for your efforts. Buy something you can afford and that is in keeping with your new spending philosophy. **D**