



Budgeting 101

"We make about \$100,000 a year, but at the end of every month we don't ever seem to have any extra money, and can't really figure out where it goes"...

I recently had some clients tell me this, and my immediate reaction was one of pure shock. I just couldn't believe that folks in their 50's were telling me something like this. After all, had they never heard of a budget? Well, as it turns out, they had, but hadn't gotten around to ever doing a formal one because they had no time. They did however, have automated payments come out of their chequing account every month for their mortgage, auto insurance, etc., plus they did have their paycheques direct deposited. At the end of the month, they would see if they had any money left over or if they had gone into their overdraft. Thereby knowing if it was a good month or a bad month, only to repeat it all over again next month. I'm not kidding, to them, this was almost like a budget. When I inquired further about not having enough time, they said that between all of their activities and work there was little time left for anything else. "Activities?" I asked, "What kind of activities are we talking about?", well there was golf, night out with the boys/girls, out for dinner once in a while and of course keeping up with the shows they liked to watch. In fact both of them were excited about the upcoming season of Family Jewels and were wondering what Gene Simmons would do this year to promote his various businesses. That's right, my clients were more interested in Gene's financial affairs than they were their own. I guess that's why Gene has a show and my clients are in debt. I wish I could say that this is the first time I have heard this scenario, but sadly I cannot. In fact to my amazement, I encounter this more and more frequently.

Recently, I read an article which indicated, the majority of Americans/Canadians spent 37 hours a week watching movies & TV, surfing the internet, chatting and emailing, texting and other electronic endeavours. This did not include the time they spent in front of their computers at work. Are you kidding me? 37 hours, that's almost a full time job! So the, "I've got no time" just doesn't wash with me. More than 2/3 of Canadians don't have a budget, or if they do, less than 20% of people actually stick to it. Now folks, there's an old saying, "when you fail to plan, you plan to fail", and when you fail to either plan or live by a budget, all you're really doing is setting in motion your financial demise! I'll tell you one thing folks, those of you who are relying upon our government to take care of you in your old age, better think again. Our governments not only have huge current fiscal deficits, but astronomical long term ones (i.e. Government Pension Plans, Health Care, Canada Pension Plan, Old Age Pension, etc, etc, etc).

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Have a Happy Thanksgiving and a Safe Halloween!

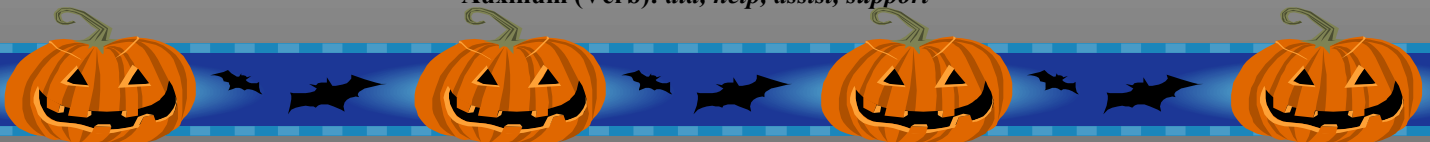
We either make ourselves miserable, or we make ourselves strong. The amount of work is the same.

Carlos Castaneda

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Budgeting 101 contd...

Okay, hopefully by now I've convinced you of the importance of budgeting. Further proven to you, that you indeed do have time to do this. Great! So now what? Well let's take a look at what a successful budget is comprised of:

- **Keep your eye on the Prize** — Simply put, it helps keep you focus on what's important to you. The budgeting process isn't exciting or glamorous. It requires a fair amount of thought and effort put in at the beginning, and an ongoing review at regular intervals. The kind of thing that might excite accountants (no offense to folks like my wife who are accountants), but not the rest of us. However, if you can set short term rewards with your budget that ultimately lead to a major reward, then you're on the right track. For example, let's say that you would like to have a romantic dinner once a month with your spouse, but can't really afford it, then lets make that a monthly reward. Once you've done up a complete budget, figure out what it's going to take for that dinner out (restaurant, baby sitter, etc). Next, see where you can squeeze this out of your complete budget. This is a key part, the goal of the budgeting process is to not only make you aware of where your money goes, but also help you spend it more wisely while at the same time paying down debt and saving for retirement. The evening out is your reward for sticking to it and managing to do so within your existing spending allowance. Now, with respect to the major reward, you may want to take a trip of some kind, buy a car, get a mortgage. Again, saving for this will also be part of your budget, but since it may be some time away you won't really get very excited until you get closer, that's why we have monthly goals. Once you've managed to accomplish your monthly goals a couple of times, I promise you that you will be more excited and it will get easier every month.
- **Don't set the bar too high** — This is an area in which a lot of folks fail, it's akin to diets in January. Do you think it's any surprise that the health & fitness and diet industries do the majority of their advertising from January through March? This is the time that the New Year's resolutions are still foremost in most peoples minds. Losing weight and getting fit are among the biggest resolutions. Fitness trainers will tell you that most individuals have failed by March, if not sooner because the goals are unrealistic. Budgeting is no different; make sure that your budget for both spending and saving are realistic! If you're currently someone with no budget and little to no savings at all, I can guarantee you that things are not going to change overnight. Like the tortoise and the hare you're going to have to go slow and steady. You need to focus on setting attainable goals, easy at first and gradually more demanding. If you can achieve the little successes along the way, they will help you ramp up to the major ones. So what does this mean? Let's say that you're someone who currently saves nothing. For the first few months your goal may be to only save \$200 per month, now that may not seem like much but that's a 200% improvement over what you're currently saving. Now if you were going into the hole every month, your goal may be just to break even, again a significant improvement over where you started!

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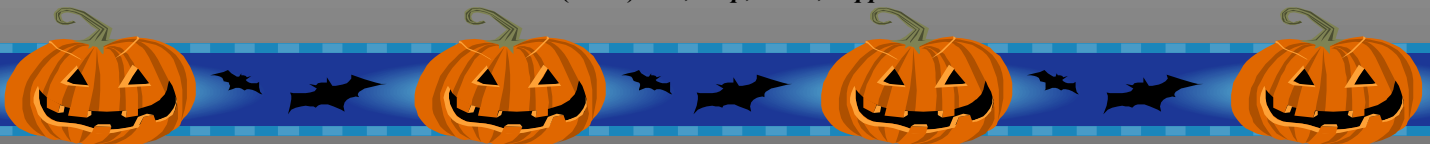
Mobile: 250.686.4246 (Anytime) Toll Free: 1.866.686.4246 Office: 250.590.6520 Fax: 250.590.2723 Email: kam@auxiliummortgage.com

Auxilium Mortgage Corporation

307 Goldstream Avenue, Victoria BC, V9B 2W4, 250.590.6520
www.kamthemortgageman.com www.auxiliummortgage.com



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Budgeting 101 contd...

Review, Review, Review - I'll say it again, this is a monthly budget leading to yearly goals, so reviewing it the first couple of months and then putting things on cruise control till the end of the year won't work! As life is full of change so are budgets, things happen on an ongoing basis that will derail things unless you can keep a handle on them. That's what our regular monthly review does, it helps keep a handle on them. Now some of you might want to do more frequent reviews, which is even better, as doing it more often will even keep you better plugged into what's happening in your financial world.

Don't do it alone! - This is not a solo venture, if you're married, live with someone have a partner, do it together! I actually find it quite interesting when I run into couples who have totally separate finances. They say that the number one thing that comes between most couples is "money", the spending and saving of it is what divides so many. Well if this is the case wouldn't it make a lot of sense to be on the same page? Now, if one of you is a big spender and the other a miser, how long do you think the relationship will last? Even if it does, will the two of you be more or less successful if you melded your styles into one common vision, working together to achieve common goals? Plus the two of you can help the other stay motivated when it feels like either of you is losing motivation with the whole process. Now if you're a single person it might make sense to find a friend who would like to do the same thing (this needs to be someone whom you completely trust as you will be sharing your financial information with them). Or, you might want to involve a parent or family member (someone who's not going to judge, but be supportive), it's up to you. At the end of the day you might not find anyone. As I had mentioned before, very few folks actually do this and you might find that most if not all of your family & friends might fall into this category. If that's the case, make sure those "rewards" are front and center so you can stay committed to the process.

Community Involvement Program

Are you looking for a place to hold a fundraiser like a Carwash, BBQ or a place to sort bottles for a Bottle Drive? We have the perfect, paved, outdoor space for you, complete with hose and water. Great location for advertising your fundraiser, with being located at Colwood Corners, the sheer traffic volume is sure to bring in those donations. Best of all we rent the area for free to fundraisers for their events plus we will even write about your fundraiser in our monthly newsletter.

If you would like more information, please do not hesitate to contact Terra Thomas @ 250.590.6520 or you can email her at terra@auxiliummortgage.com

Referral Program

Your referrals are always welcome, so if you can think of someone who may benefit from my services, please send me an e-mail, at kam@auxiliummortgage.com or call me at 250.686.4246 Anytime. Not only would I do my very best to arrange a mortgage for them and provide them with great service, but I will **PAY YOU** for the referral! Upon successful completion of a mortgage for this referral I will send **YOU** a cheque for **\$250.00** as my way of saying Thank You.

Mobile: 250.686.4246 (Anytime) Toll Free: 1.866.686.4246 Office: 250.590.6520 Fax: 250.590.2723 Email: kam@auxiliummortgage.com

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