



Budgeting & Expense Planning

Alex Gavrilă

alex.gavrila@mcgill.ca

June 5, 2023



McGill

Student Services Campus Life
& Engagement

Budgeting is easy...

Simply track your expenses

Live within your means

Save 10%+ of your income (eventually)

Budgeting is hard...

48% are \leq \$200 from insolvency [Source](#)

25% of Canadians retire with debt [Source](#)



WE BUY THINGS WE DON'T NEED
WITH MONEY WE DON'T HAVE
TO IMPRESS PEOPLE WE DON'T LIKE.

Workshop brought to you by:

- **Financial Consumer Agency of Canada (FCAC)** is an independent agency of the Federal Government working to protect & inform Canadians of available financial products & services.
 - FCAC works with stakeholders to strengthen Canadians' financial literacy.
- **CL&E & SKILLSETS**



- **Important Disclaimer (please read carefully):**
- I do not hold any official certification as a financial planner/advisor, nor do I claim to be one.
- Examples provided are for information purposes & do not constitute investment advice.
- All investments have associated risks; do not invest in things you do not fully understand.
- Always do your own research & **consult a licensed professional before making any investment decisions** as each individual's risk tolerance, life goals, & timelines are unique.

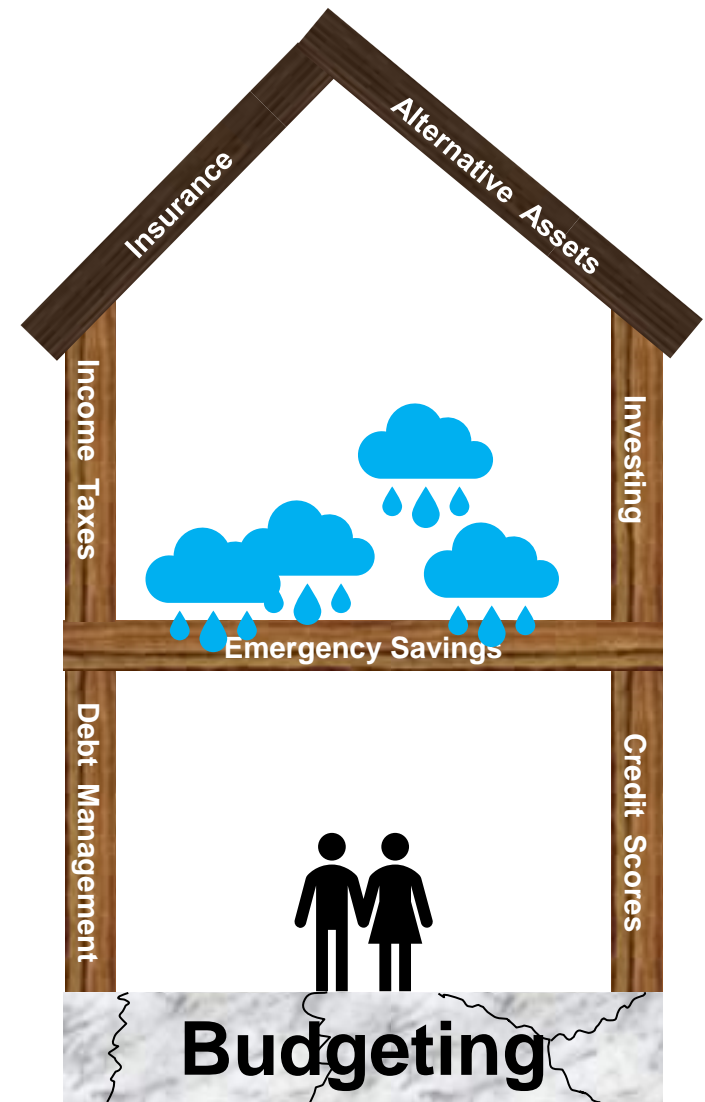
Why do people struggle financially?

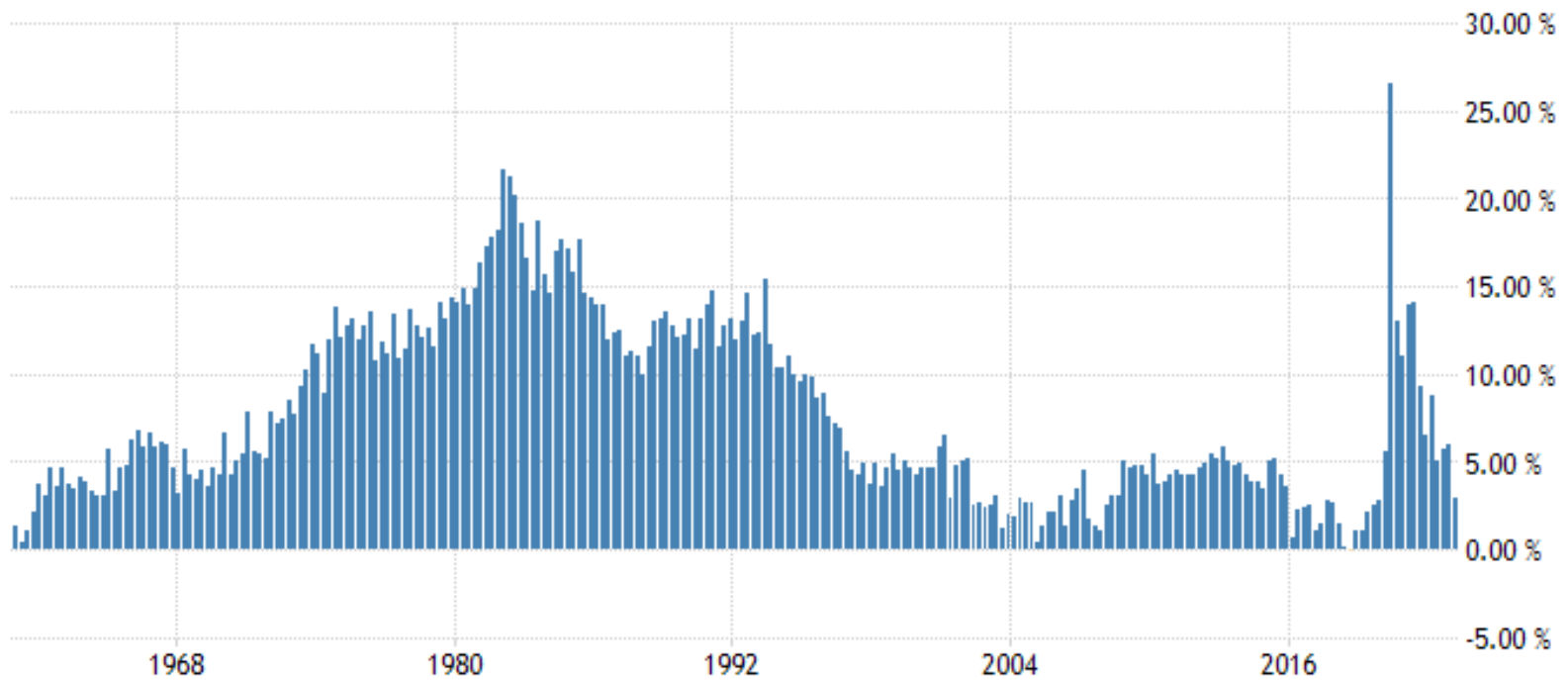
1. Don't track their money.
2. Live beyond their means.
3. Utilize debt ineffectively.
4. Undervalue a good credit score.
5. Misunderstand risk.
6. Misallocate their money.
7. Don't appreciate exponential growth.

Webinar series

McGill students have free access to all full-length webinars in [this series](#).

- FCAC Certificate
1. **Budgeting & Expense Planning:** May 29th
 2. **Managing Your Debt:** June 12th
 3. **Boost Your Credit Score:** May 25th
 4. **Introduction to Investing:** May 30th
 5. **Income Taxes:** June 1st
 6. **All About Pensions:** June 6th
 7. **Investing & Taxation:** June 8th
 8. **Prospectus & Fund Facts:** June 13th
 9. **Portfolio Balancing:** June 15th
 10. **Advisors & Financial Planning:** June 20th
 11. **Children & Your Money:** June 22nd
 12. **Introduction to Cryptocurrencies:** June 27th
 13. **Housing I:** June 29th
 14. **Housing II:** July 4th
 15. **Investment Properties:** July 6th

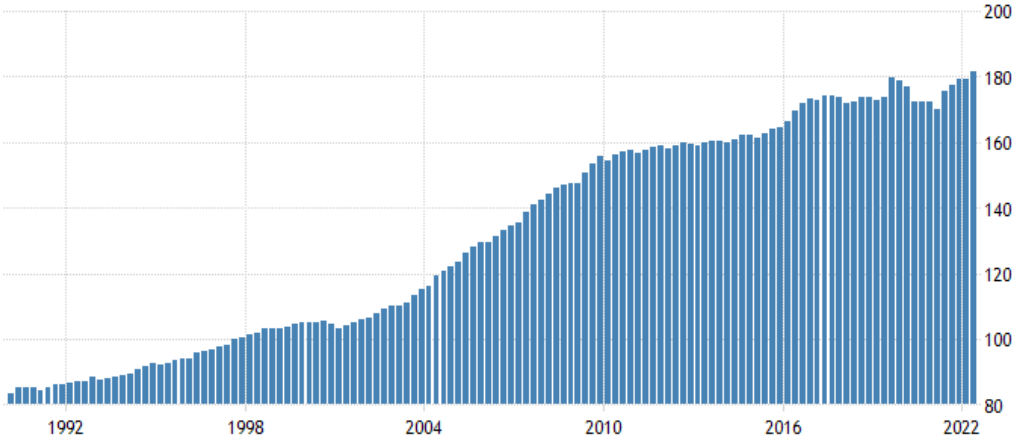




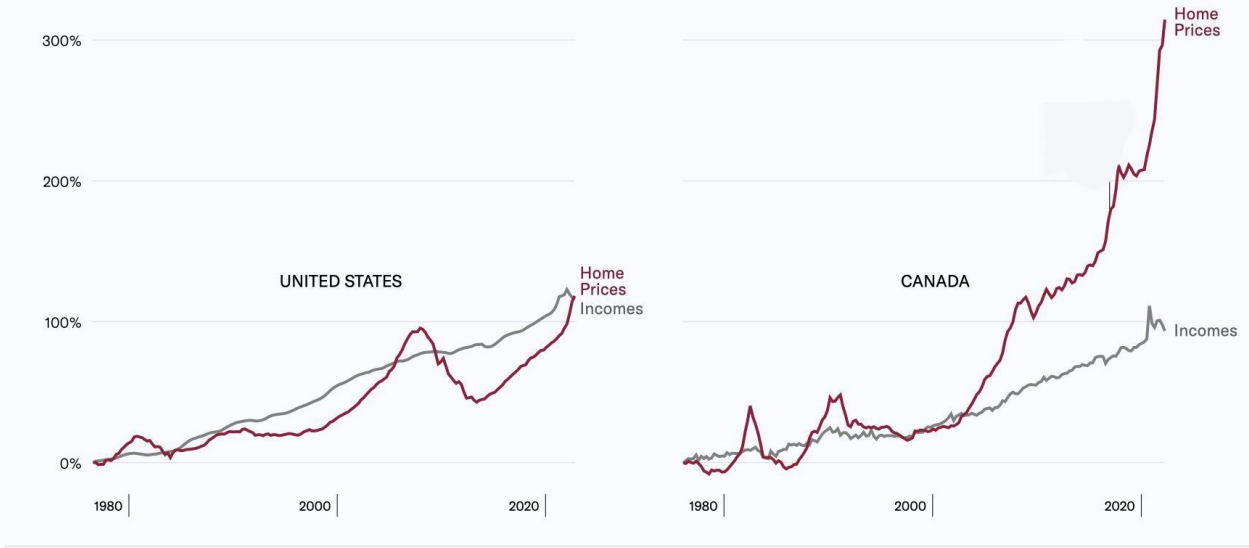
TRADINGECONOMICS.COM | STATISTICS CANADA

- Current (2023 Q1) household savings rate: **2.90%**
- 1961-2022 average: **7.65%**

Canadians are struggling with debt



Real home prices vs. real disposable income
% change, Q1 1975 - Q4 2021



Sources: Data adapted from Mack, A., and E. Martinez-Garcia. 2011. "A Cross-Country Quarterly Database of Real House Prices: A Methodological Note." Globalization and Monetary Policy Institute Working Paper No. 99, Federal Reserve Bank of Dallas, Author Calculations.

How to stay on track?

1. Track your expenses.
2. Figure out what you can spend less on.
3. Increase your income over time.
4. Avoid lifestyle inflation.
 - Avoid needless upgrades. [1](#), [2](#)
 - Be less wasteful. [1](#), [2](#)
5. Invest for the long term.





Parts of a budget

- Income
- Expenses
- Difference between the two: surplus or deficit



Know what you spend

- Keep every receipt
- Record every expense in a notebook or electronic device
- Review bank and credit card statements
- Do this for at least three months
- Make a list of irregular expenses (gifts, donations, car or home repairs, vacations)
- Total your expenses at the end of the month



Monthly income

Average monthly income from employment after deductions:

\$ _____

OR choose an occupation from the list provided and indicate the current monthly income.

	Typical
Food and beverage servers	\$1,070
Cooks	\$1,334
Early child educators and assistants	\$1,517
Musicians and artists	\$1,757
Retail salespersons and clerks	\$1,267
Hairstylists and barbers	\$1,315
Sales and service occupations	\$1,435
Dental assistants	\$2,054
Bookkeepers	\$1,901
Graphic art technicians	\$2,501
Construction trades workers	\$2,192
Banking, insurance and other financial clerks	\$1,910

Other sources of income (gifts, tax credits, investments, student loan or family, etc.)

Source 1: \$ _____

Source 2: \$ _____

Source 3: \$ _____

Total monthly income \$ _____



Monthly expenses – Fixed expenses

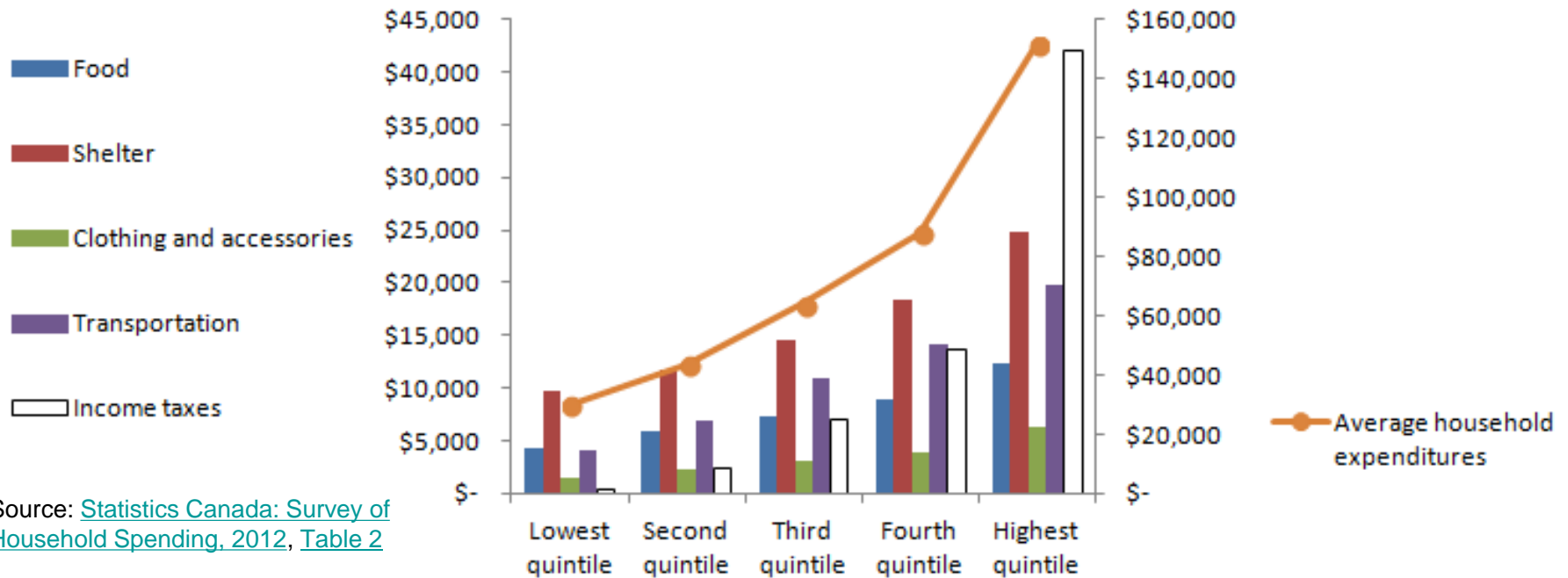
	Typical
Housing (rent - own)	\$322 – 1,357
Car payments	\$369
Other loan payments (line of credit, student loans, etc.)	\$468
Insurance (car, home, travel, etc.)	\$239
Utilities (electric, gas)	\$205
Telecommunications (cable, Internet, telephone, cell phone, long distance, voice and data roaming charges)	\$187
Child care	\$127
Other	\$_____
Total fixed expenses	\$_____



Monthly expenses – Variable and irregular expenses

Groceries	Typical \$514
Eating out	\$217
Household expenses (cleaning, maintenance, furniture)	\$209
Computer (hardware, software, accessories, supplies)	\$26
Pets	\$54
Transportation (transit, gas, car maintenance, etc.)	\$104-286
Health care (medical services plan, dental, glasses/lenses, medication)	\$152
Clothing and footwear	\$280
Personal care (toiletries, hair care, make-up, laundry)	\$109
Recreation (movies, games, music, clubs, concerts, sports, etc.)	\$327
Travel	\$140
Gifts and charitable donations	\$160
Education (post-secondary tuition, books, fees, etc.)	\$140
Other	\$149
Savings	\$220
Total variable expenses	\$_____
Total monthly expenses (fixed + variable)	\$_____

Canadian household expenditures



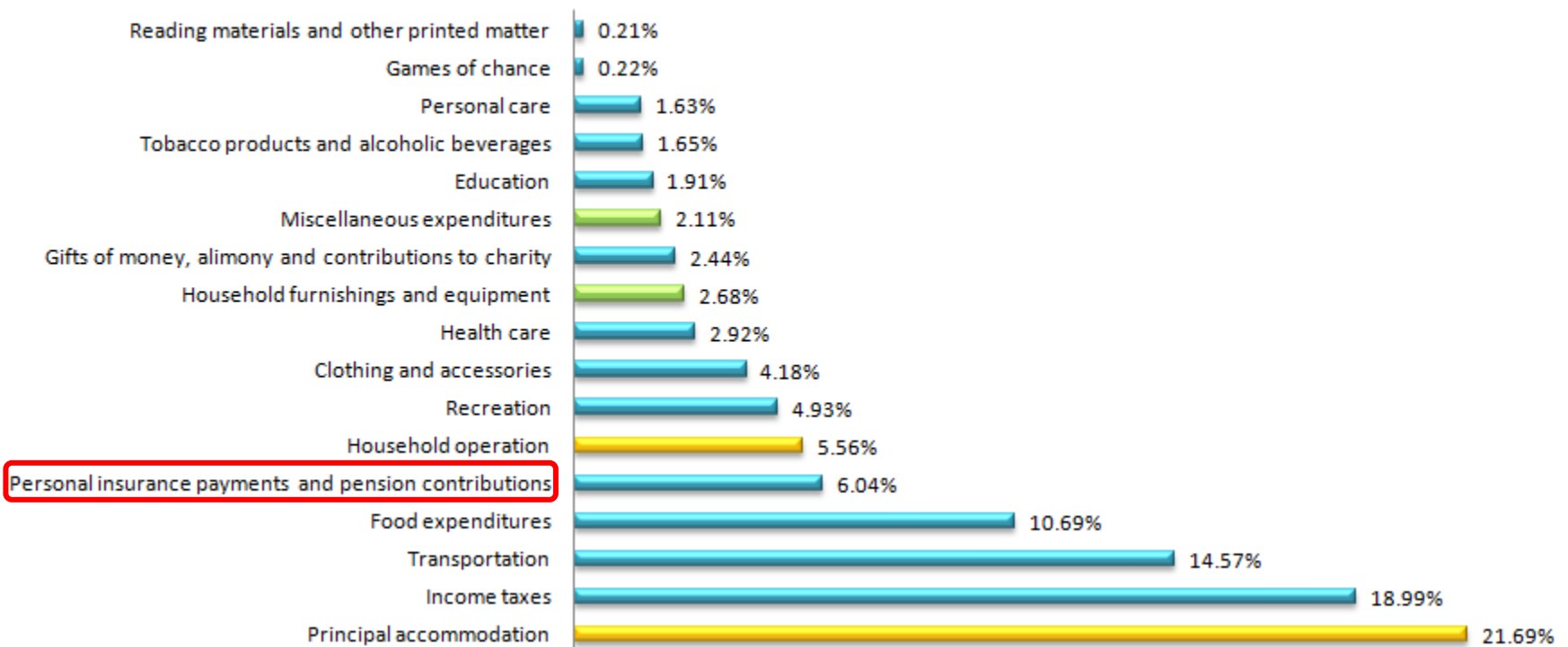
Source: [Statistics Canada: Survey of Household Spending, 2012, Table 2](#)

- You **CAN** become wealthy by living within your means & investing 10%+ of your income.
- Yet, most people **spend too much, save too little, pay too many fees** (interest on debt, high MERs, late fees, etc.) & struggle financially for most of their lives, regardless of level of income.

Shelter = largest monthly expense

- Spend 30-35% of income on housing (including utilities & maintenance).
- For \$25,000/year: Spend **\$625/month** to **\$729/month** for rent & utilities.

Average Household Expenditure



Source: [Statistics Canada, Average household expenditure](#) – 2015

Sample budget

- Every person is unique & has different priorities; so plan accordingly but this is a good start:
- \$25,000/year - \$5,000/year (\$416.67/month) school fees = \$20,000/year = **\$1,667.67/month**

- **Savings: 5%: \$104.17** Automatic transfer. Monthly: **\$17.16**
- **Shelter: 30-35%: \$625.00 to \$729.17** Learn more about leases & your rights/obligations
\$30 electricity+ \$0 natural gas + \$670 rent Monthly: **\$700.00**
- **Telecom: Cell phone: \$80 + Internet \$50** Monthly: **\$130.00**
- **Transportation: 15.24%: \$317.50**
- **OPUS: Students: \$54 Regular: \$90.50**
- **Drive: License: \$2.00 Registration: \$22.07 Insurance: \$35 to \$80+**
- **Fuel (see fuel prices): \$100 to \$300+** Monthly: **\$358.00**
- **Food: 10-15% \$208.33 to \$312.50** Monthly: **\$300.00**
- **Clothing & Gadgets: 5%: \$104.16** Monthly: **\$100.00**

Entertainment? Look for discounted activities: e.g.: Access Montreal Card, newsletters, gift cards.

A cash-back credit card (2% on gas, groceries, & pre-paid, 1% everything else): **\$173.04/year = \$14.42/month**

Insurance? Varies greatly (tenant, life, etc.) ~\$15 to \$500+

Your budget & financial goals

- Create **a budget** to know where your money goes. – [Free spreadsheet](#)
- Once you know how much free cash flow you have, you can “**pay yourself first**” via **automatic payments** on your payday = **guaranteed savings**.
- **Aim to save 10% of your income** but **any amount** is a great start.
- Most people can cut budget by ~10% with minimal impact to quality of life.
- **Increase your automatic savings as your income increases.**
- **Maximize your income**, pay off high-interest debt (you will have more \$ available for savings), use cash-back credit cards (free extra \$), reduce your fees (banking, telecom, insurance, etc).



Create a few “Money Rules”



Stash

Save the surplus when my balance tops \$1,000

Try it



Top Up

Top up my account when it dips below \$500

Try it



Tax My Habits

Put 2% of my coffee spending into Savings

Try it



Sports

Save money when your favourite team wins

Try it



52-Week Challenge

Save \$1 week 1, \$2 week 2...up to \$52 week 52

Try it



Round Up

Round up purchases & save the difference

Try it



Pay Yourself First

Set aside a percentage of your paycheque

Try it

Better Chequing Account

✓

Annual Fees (or inclusion in another plan):

In-branch: Not available	ATM: No extra fee
ATM at another institution: \$1.50	ATM in the United States: \$3.00
ATM in other countries: \$3.00	ATM in other countries: \$3.00

Sign up using promo code **EARNMORE**, and you could earn up to \$400 back in cash over 90 days. Offer ends 12/31/2023.

Tangerine 5% Special Offer Review

5%

Sign up using promo code **EARNMORE**, and you could earn up to \$400 and a 5.00% Savings rate over 90 days. Offer ends 12/31/2023.



Areas for saving

- Check your bills.
- Negotiate better plans (banking fees and services, telephone, cell phone)
- Review your food costs (groceries, take out, buying lunch)
- Consider whether you need to own a car, a home or the latest high-tech gadget



Check your bills

- Spot mistakes and overcharges
- Pay less in late fees, interest and penalties
- Get errors corrected before it's too late



Negotiate better plans

Call each service provider and ask:

- How can I cut back my monthly bills?
- Am I currently on any plans?
- Do you have a better plan or deal for me?
- If so, what is the timeframe?
- Will I be put on contract for any new deals?
- Can I bundle services to save money?
- Can I avoid interest or late payment penalties?




Reduce banking costs

- What am I paying in monthly service charges?
- How much am I paying for ATM fees?
- Can I save by doing more banking online?
- Am I eligible for a low-fee deal if I'm a student?
- Can I get a reduced fee if I keep a minimum balance?
- Can you suggest a better plan for me?



Account Comparison Tool


[Français](#)

 **Government of Canada** **Gouvernement du Canada**

Search Canada.ca

[Jobs](#) ▾ [Immigration](#) ▾ [Travel](#) ▾ [Business](#) ▾ [Benefits](#) ▾ [Health](#) ▾ [Taxes](#) ▾ [More services](#) ▾

[Home](#) → [Money and finances](#) → [Managing your money](#) → [Banking](#)

 **Account Comparison Tool**

From [Financial Consumer Agency of Canada](#)

Compare features for different chequing and savings accounts, including interest rates, monthly fees and transactions. Find an account that best suits your needs. Narrow your search, view search results, and compare your results below.

The information in this tool has been provided by financial institutions to help you compare chequing and savings accounts that may be available to you. Additional fees and service charges may apply. Please contact financial institutions directly for more information about their products.

Your comparison progress



New digital services

Digital services (mobile wallets and other applications)

- May offer convenient, inexpensive alternatives to traditional banking services
- May increase risks to reliability, privacy and security
- Ask questions regarding:
 - How your personal information is protected
 - Who your personal information is shared with
 - Where the information is stored (Canada or elsewhere)



How to save on food

- Eat breakfast at home
- Bring your lunch, drinks, snacks, and coffee
- “Veg out” on low-cost meatless meals at least once a week
- Cook one big dish on weekends and freeze
- Shop with a buddy at discount supermarkets and split quantities
- **Set a budget and stick to it**



Save when you shop for groceries


- Plan meals and snacks in advance
- Bring a list and buy only what you need
- Buy fresh when in season, freeze extras for later
- Buy canned and frozen vegetables and fruit
- Know which stores near you are the best value
- Check for discounts and coupons (a mobile app can help)
- Buy non-food items at a discount store
- **Don't shop on an empty stomach**

Ways to save on groceries

Pickup items

Subtotal \$90.93
25 items

Pickup Fee  \$3.00

Additional Fee(s)  \$0.00

Est. Taxes \$2.34

Est. Total  \$96.26

Promo Code

APPLY

Get 20,000 PC Optimum* [Remove](#)
points on your online
grocery purchase of \$75 or
more

no name Pasta or Noodles	2000 Pts
Potatoes	1400 Pts
PTSDAYS LINDT	4000 Pts
SUBTOTAL	93.93
H=HST 13% 17.99 @ 13.000%	2.34
TOTAL	96.27
LOYALTY	50.00
E-COMM	46.27
PC Optimum	
Points Redeemed	50000
In-store offers	30000
Digital offers	7400
Closing Balance	41930

Get **20,000** 

when you spend \$75 or more on your next *PC Express* online grocery order during Points Days.¹


Take advantage of these deals (and so much more) during the PC Optimum™ Points Days event – on until September 28. Load these offers in the PC Optimum™ app and place your order online. It's that easy!

Use code **E5C-F573-5671-F7FP**

2,500 pts

Blueberry Pints 340g - Product of Peru, No 1 grade

EXPIRING-Ends Tomorrow

Loaded 



Blueberries 1 pint (340 g)

\$3.99 ea
\$1.17 / 100g



Do you really need a car?

- Add up the real costs of ownership (gas, insurance, depreciation, interest and maintenance)
- Compare the full costs of car ownership and leasing against alternatives
- Be wary of long-term financing

If you absolutely need a car...

- Compare consumer reviews & various web sites for [safety](#), [reliability](#), [value](#), etc...
- Decide whether buying used, new, or leasing makes most sense for you. [Cost calculator](#)
- **Remember:** A car will lose value as soon as you drive it off the dealer's lot.
- Pay close attention to the difference in financing cost (interest rates make a difference).
- Check [insurance premiums](#) before purchasing your next car.
- In general, you will be able to negotiate less with individual owners of old cars (emotion).
- How much will winter tires cost you? How about wheels? Do you really need mags?
- Do you really need those extra accessories? Is leather a necessity or a luxury given use?
- When negotiating, always be polite. However, watch out for smooth-talking salespeople.
- Shop near the end of the month. Most dealers will offer to “hold” the previous month's deals but if the next month has a better deal, you can get that one instead.

If you decide to buy/lease a new car:

- **Always test drive multiple cars in the same category.**
- Print out the features of each, & bring them with you, especially when at a competitor.
- If you have **graduated in the past 2 years**, most dealers will give you **\$500-1,000 in bonuses**.
- Bring a copy of your [GAA](#) & [SAAQ](#) reports with you & check your credit report beforehand.
- Good driver & good credit score can assist you in the negotiation with the financing department.
- Negotiate any extras you can get: *“Is this the best price you can get me? Your competitor offered me X\$ much less for model Y (helps if you actually have documentation showing this). Can I get free winter tires? How about an extra set of wheels? Hmm... I can get those tires/wheels for cheaper at store X, could you deduct their value from the price of the car instead? How about free oil changes for X year(s)?”* Google other potential items which can be negotiated as well as potential negotiation tactics. Don't be shy!



Car sharing

- Can save money if you drive less than 10,000 km per year
- May charge membership, monthly, hourly and mileage costs
- Fees and rules vary — Compare different services
- If you don't own a car, consider car sharing for trips too long to cycle or when you have a big load to carry



How to cut \$162/month of spending

Category	Behaviour Change	Daily saving	Weekly saving	Monthly saving	Annual saving
Food	Take lunch 3 x week	\$5 (\$8 fast food lunch - \$3 cost)	\$15	\$60	\$720
Transportation	Take transit, not car, once a week	\$18 (\$22 parking + \$3 gas - \$7 transit fee)	\$18	\$72	\$864
Cell phone plan	Pay as you go vs. monthly	N/A	N/A	\$30 (\$55 to \$25 a month)	\$360



Questions to ask yourself

- When does a want become a need?
- What motivates you to buy—advertising, friends, trendy styles, rough day?
- Does the urge to buy die the next day?
- Do your purchases make you happier?
- What “needs” are now collecting dust?
- What can you learn to live without?



Reduce impulse buying

- Avoid unnecessary trips to stores and shopping malls and online buying sites
- Pay cash or use debit for purchases and carry only the cash you are willing to spend
- Reduce available credit on your credit card and line of credit
- Leave credit cards at home
- **Sleep on it and see if you still want it the next day**

Saving on food & daily essentials



At the convenience store:

\$1.49/each
Costs 5.14 times more



When buying in bulk:

\$8.99 for 24 = \$0.38/each
75% discount

- **Always use a list & never shop hungry.**
- Bulk is cheap. “Extra” bulk is cheaper. **Buying in “extra” bulk when on sale is cheapest.**
- Avoid buying items in small quantities at the local *dep.* **Convenience = overpriced**
- **Planning ahead can save you hundreds of dollars!** Avoid paying full price for most daily essentials (rice, pasta, canned goods, shampoo, deodorant, soap, toilet paper, etc.)
 - These items are regularly on sale multiple times each month at various stores.
 - Check out online flyers or [apps](#). e.g.: [shopbot.ca](#), [WebSaver.ca](#), [save.ca](#), [Flipp](#)
 - Make a list of all toiletries & non-perishables you use. Buy them when they are on sale.
- Consider buying used items: [kijiji](#), [craigslist](#), Facebook groups, or second-hand stores.
- **Use generic brands for additional savings.**
 - Tylenol (acetaminophen) & Advil (ibuprofen). Read the ingredients, the rest is marketing!
- **Many products “made for” women or children cost more despite exact same ingredients.**
- **Most large grocery stores will match or even beat prices of competitors.** Bring proof.
- Consider joining a loyalty program (be aware that they will track your shopping patterns).
- Don’t go overboard however. Remember, **time is valuable; don’t waste it.**

How to buy what you want for less

- Another way to determine whether you absolutely have to buy something: **Make a list of various items that you really want to buy at some point (both big & small). Does this new item replace any of the items already on your list?** If not, you probably don't need it after all.
- **84% more likely to buy something a friend recommends.** Change your Facebook settings:
 - Login, go to **settings**, then **ads**, under **third party sites** & under **ads & friends** select **no one**
- **The further you are removed from physical money, the lesser the “pain of paying” = the more likely you are to spend.** e.g.: wrist bands at Disney World, Apple Pay, etc.
- Use online discount sites ([Canadian rebates](#) or [RedFlagDeals](#)) responsibly.
- Buy gift cards for less than their face value either in stores (e.g.: at Costco) or [online](#).
- Sign up for newsletters at ski resorts, water parks, various venues. They have discounts.
- **Know the “season” when various items are on sale.** Try to limit those purchases to that time of the year or when they are on sale if possible ([manufacturers’ 6 or 12 week cycle](#)).
- TVs: Mid-to-late January.
- Laptops & tablets: July-September & around Christmas.
- Games: Summer or January. Game Consoles: Right after a new generation comes out.
- Point & Shoot Cameras: December – February. SLR Cameras: February – March. Fitness Trackers: January or June.
- A good [summary video](#). Google for more...

Ways to save...

- Figure out where your money goes ([create a budget](#)).
- Make savings automatic: **Pay yourself first**.
- Distinguish between **needs** & **wants**.
- Set small, achievable goals: e.g.: This month I want to pay an extra \$60 off my credit card.
- Spend less:
 - When [grocery shopping](#), **always use a list** & **never shop hungry**.
 - Buy in bulk, buy generics, buy when on sale, use coupons/[apps](#) (e.g.: [Flipp](#)).
 - Shop around, compare prices, negotiate.
 - Buy during the right “season”. [Manufacturers’ 6 or 12 week sale cycle](#).
 - **Bundle or share** your services.
 - Consider buying used items: [kijiji](#), [craigslist](#), Facebook groups, or second-hand stores.
- Reduce or **eliminate** service **fees** (ATM, [account fees](#), late fees, etc).

In closing...

- Budgeting is an important **first step** on the road to financial stability.
- Properly budgeting can help you achieve both short- & long-term goals.
- Once you have positive cash flow, you need to set up a financial plan.
- Small changes today can have a massive impact down the line.

Useful webinars:

- Financial Skills series:
 - Tuesdays & Thursdays, **10:00AM-12:00PM**

A blue-tinted photograph of a stone building entrance. The entrance features a dark door with a small window and a sign that reads "Maison des peuples autochtones". Above the door, the number "3503" is visible. To the right of the door, there is a sign with the text "Maison des peuples autochtones" and "1000 rue Main". A tree is visible in the foreground on the right side of the image.

Thank you!

Who is Campus Life and Engagement?

We are your go-to hub to help you discover and explore opportunities at McGill to learn, grow and succeed.

Through our programming and activities, we:



connect students to opportunities that transform them into positive change makers on campus and in their communities



facilitate new and returning students' integration into the McGill community



support students' academic and personal development



promote and **encourage** co-curricular involvement



Student Campus Life
Services & Engagement

Connect with us:



mcgill.ca/getready



514-398-6913



firstyear@mcgill.ca

(new students)

cle@mcgill.ca

(upper-year students)



3600 McTavish Street
Suite 4100



[@fb.com/CLEMcgill](https://fb.com/CLEMcgill)



[@clemcgill](https://instagram.com/clemcgill)



[@mcgill_cle](https://twitter.com/mcgill_cle)

Connect with your peers:



[Graduate Entering Class](#)



Student Campus Life
Services & Engagement