



January Bills

By Dr. Linda Hancock

ABOUT THE AUTHOR

Dr. Hancock has written a regular weekly column entitled “All Psyched Up” for newspapers in two Canadian provinces for more than a dozen years. Over the years, her readers and clients have said that they have benefited from her common-sense solutions, wisdom, and sense of humour. Dr. Linda Hancock, the author of “Life is An Adventure...every step of the way” and “Open for Business Success” is a Registered Psychologist who has a private practice in Medicine Hat. She can be reached at 403-529-6877 or through email office@drlindahancock.com

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It's bad enough that the Christmas celebrations are over, and the weather is not cooperating with our plans but what makes things even more depressing is the fact that by mid-January, the credit card bills are arriving.

It was easy to go over budget during the upbeat marketing frenzy of December. And the flyers promoting winter travel that are also arriving each week are tempting. But, for some, nothing seems to be financially feasible right now.

Following are some tips to get back on track.

Face the Facts- Open every bill as it arrives. Keep a list of the amount you owe and acknowledge that you have a responsibility to pay back the money you spent.

Understand the consequences- Using a credit card is borrowing money that you don't have and there is a price for doing this. First of all, make sure that you know the exact interest rate that is in place and how interest is calculated. Also know that there are penalties for missing or being late with your payments. These include extra charges as well as risk to your credit rating.

Make a Plan- Figure out how quickly you can repay the amount that you owe. Are there things that you can sacrifice to do this in a shorter timeframe? Know exactly when you will have a zero balance and what you need to do in order to make this happen.

Take action - Ensure that you make your payment before the due date. That will mean mailing a cheque or setting up an online payment days before the deadline arrives.

Change your pattern- Make a commitment to yourself that you will not spend more than you can pay back each month. Better still, become determined to save enough so that you can pay cash in the future rather than use credit.

In the past few weeks, I have heard so many business owners talk about how difficult it is to hire employees who do not have basic skills such as being able to make change. I also hear story after story from individuals who are in financial trouble.

A large contributor to these problems, I believe, is the fact that people have become accustomed to using plastic instead of cash. Credit cards appeared in the 1970s and before that it was easy to know how much to spend and how to count what you had. It was fairly simple. When your wallet and pockets were empty, you were out of money!

I was shocked one evening to stand in line behind a man who treated the ATM like a slot machine. He inserted his card and then used body language that showed his obvious disappointment when his withdrawal request was rejected. How sad that he had to go to a machine to find out that he was broke!

Financial success is very simple. You need to spend less than what you earn. It's easier to do this if you have a plan and deal in cash as much as possible.

January bills might be depressing but if you make some positive changes, it won't be long until you will be proud of how you are managing your money.