

# Ten Healthy Habits of Financial Management

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# Agenda

- Looking at current habits
- Ten healthy habits
- Tools and aids
- Resources
- Q&A



# Healthy financial habits



Name: \_\_\_\_\_

## FINANCIAL LITERACY

# Financial Fitness Self-Assessment\*

Answer the questions with either *True* or *False*.

Description	True	False
1. I adhere to a detailed budget.		
2. I calculate my net worth annually and compare it to the prior year.		
3. I am reasonably careful with money.		
4. I can afford everything I need.		
5. I pay myself first.		
6. I understand how to use credit responsibly.		
7. I pay off my credit card balance every month.		
8. I do not spend impulsively—I save up for major purchases.		
9. I have money saved in an "emergency fund".		
10. I have adequate life and disability insurance.		
11. If there is something I "want" but don't "need", I walk away and leave it.		

# Ten healthy habits

## 1. Know Where you Stand Financially

**Net worth**

Everything you own – Everything you owe

**Cash flow**

All cash coming in – all cash outflows

- Use a detailed budget to control outflows

# Ten healthy habits

## 2. Live Within your Means

- Arguably, the most important lesson
- Walk the walk
- Don't spend more than you make.



# Ten healthy habits

## 3. Save/Pay Yourself First

- **Automatic** monthly transfer to a designated account
- Get used to living without this money.
- Spend only what remains.
  - Cover your overhead expenses first
  - Remaining funds go towards discretionary spending



# Ten healthy habits

## 4. Credit

- Useful tool when used responsibly
- More convenient
- Builds credit history





# Ten healthy habits

## GOOD DEBT

- Used to purchase an asset
- Potential to go up in value



## BAD DEBT

- Used to purchase consumption goods that decrease net worth
- No resale value
- Best to save for these types of purchases.



# Ten healthy habits

## 5. Set up a Financial Safety Net

- Protection in case of financial emergency.
- 3–6 months of living expenses in cash reserves.
- Insurance



# Ten healthy habits

## 6. Wants vs. Needs

- **Needs** are the overhead expenses in your budget
- **Wants** are the discretionary items
- **Be media savvy**



*“Do I really need this, or would it just be nice to have?”*

# Ten healthy habits

## 7. Delayed Gratification and Values-based Goal Setting

- Important life skill
- Setting financial goals delays gratification
- Tie goals to your values



# Goal setting

## 1. Write down financial goals

- ✓ Review them with others
- ✓ Monitor progress
- ✓ Success is self-reinforcing

## 2. Use your values to set goals

- ✓ What are values?
- ✓ What are **your** values?
- ✓ Values Validator



# Set *SMART* Goals

**S**



SPECIFIC

**M**



MEASURABLE

**A**



ATTAINABLE

**R**



REALISTIC

**T**



TIME-FRAMED

# Ten healthy habits

## 8. Track Your Spending

- Bring awareness to your spending habits
- **Reality check:** is your actual spending in line with how you *think* you spend your money?
- **Tools:** journal, spreadsheet, software, app
- Focus on problem areas
- Use feedback to tweak your budget



# Ten healthy habits

## 9. Create a Money Network

- Choose supportive family and friends
- Share your objectives and your plan
- Check in with them periodically
- Help them with their financial management





# Ten healthy habits


## 10. Divide and Conquer

- Start small
- Create an education plan
- Adopt one habit at a time
- Be involved
- Your money! Your future!



# Tools and Aids

- Budget calculator  
[canada.ca/en/services/finance/tools.html](https://canada.ca/en/services/finance/tools.html)
- Goal-Setting Worksheet
- Financial Fitness Self-Assessment
- Values Validator Worksheet

 CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

Name: \_\_\_\_\_

### FINANCIAL LITERACY

#### Financial Fitness Self-Assessment\*

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8. I do not spend impulsively—I save up for major purchases.		
9. I have money saved in an "emergency fund".		
10. I have adequate life and disability insurance.		
11. If there is something I "want" but don't "need", I walk away and sleep on it.		
12. I write down my financial goals and have a plan to achieve them.		
13. I track my spending so I know where my money is going.		
14. I am using an RESP to save for my children's education.		
15. I know where I am going and how to get there.		
16. I do not "gamble" with my savings by taking excess risk.		
17. I try to shop carefully, using coupons and waiting for sales.		
18. I keep well informed for everyday financial decisions.		
19. My spouse and I present a united front on financial issues.		
20. Money is not a taboo topic in my house.		

\*Inspired by Financial Attitudes Exercise in Client-Centered Life Planning by Michael R. Curtis, 2005.

**Results:**

- **Less than 10 Trues** – you have some work to do!
- **10-15 Trues** – you are in fairly good financial health. Keep working on it!
- **15-18 Trues** – Congratulations, you are in excellent financial health!

# Resources

- CPA Canada Financial Literacy Publications  
[cpacanada.ca/financialliteracypublications](https://cpacanada.ca/financialliteracypublications)
  - *A Parent's Guide to Raising Money-Smart Kids*
  - *A Canadians Guide to Money-Smart Living*
  - *Protecting You and Your Money: A Guide to Avoiding Identity Theft and Fraud*
- CPA Canada Financial Literacy  
[cpacanada.ca/financialliteracy](https://cpacanada.ca/financialliteracy)
- Financial Consumer Agency of Canada



**Questions?**