

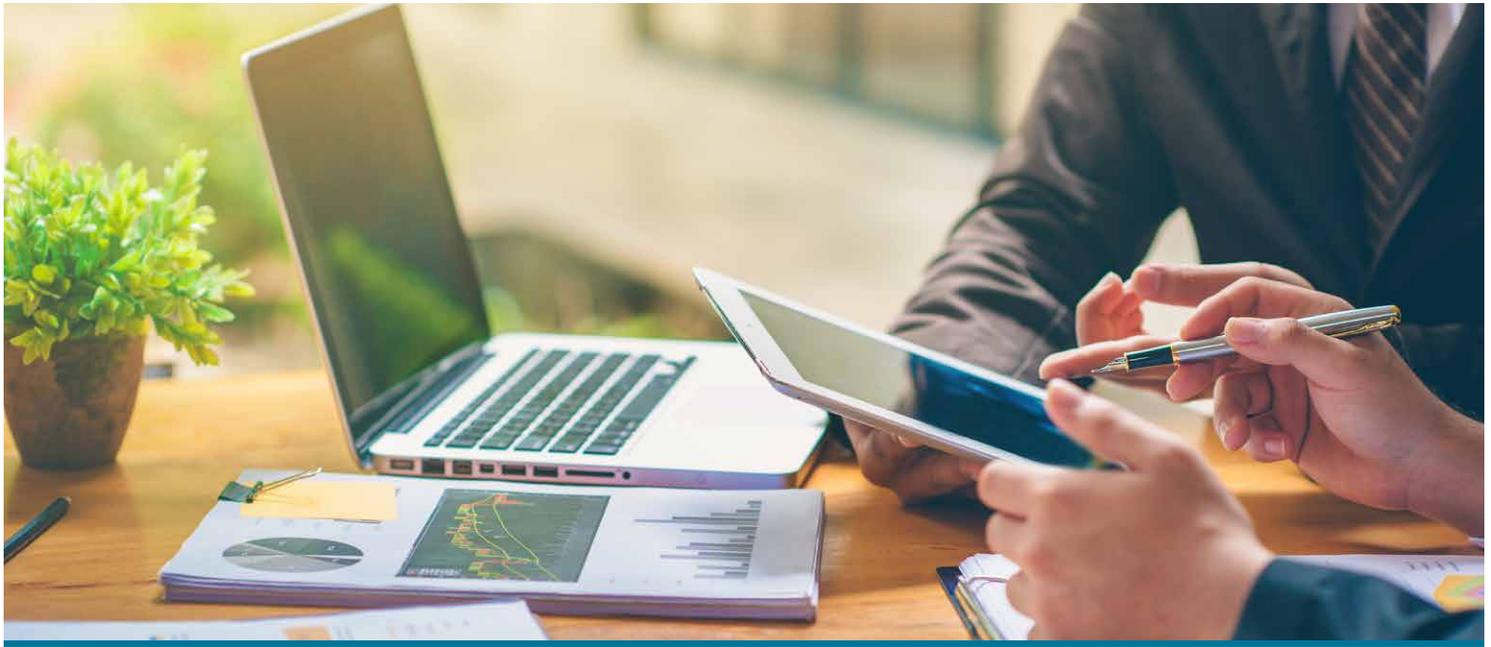


# Life Lines

Improving your quality of life, one step at a time

## Issue #1:

### OVERCOMING FINANCIAL FATIGUE AND CONCERN



Starting a new calendar year can be exciting and refreshing, but it can also be stressful. January 1<sup>st</sup> typically brings renewed motivation with the gift of a clean slate and the desire for a promising year ahead. It's often fulfilled with a focus on healthy eating and exercise to get back on track after the holiday season's indulgence. But January can also be full of transitions that can influence anxiety and concern. For some, it's having to head back to work or school after enjoying some time away. For others, it's increased pressure related to personal finances and how to manage expenses and income in the coming year, especially as bills for holiday spending start to arrive. For many more, the ups and downs of living through the COVID-19 pandemic and the unique financial challenges have given rise to the need for new ideas and thinking about financial preparedness.

In this article, we'll look at ways to acknowledge and manage financial fatigue. We'll also share some tips that could help alleviate some of your concerns about money management in the coming year.

#### **Stressful situations can escalate worry**

Under normal circumstances, different situations can affect our available time and income disproportionately. The continued pressures and uncertainty many people feel while living life in the pandemic can increase stress exponentially.

Students who are starting their post-secondary studies for example, may be concerned about paying tuition and fees while wrestling with campus restrictions and closures that are changing the very model of what they expected student life to be. An overwhelming majority of classes continue to be hosted online using video conferencing technology. While faculty are doing their best to ensure that learning objectives are met, something is missing. The natural camaraderie and friendships that are part of an on-campus learning experience aren't as easily replicated in an online environment. This method of learning requires more planning, personal dedication and focus.



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Reflecting on the significance of the cumulative stress they feel, many students contemplate the value they are receiving from this education model.

Another worry for students may involve housing. Some will have made arrangements thinking that campuses might have re-opened for the winter semester. Unfortunately, it may be difficult for them to back out of these commitments. As a result, they will continue to incur expenses tied to living away from home.

On the flip side, other students are finishing their education journeys and will be looking for gainful employment to situate themselves as recent graduates. The job market fluctuates depending on the industry. Although there may be great demand in some fields, others remain closed due to COVID-19 concerns. Graduates needing to secure income may be confronted with the need to temporarily return to lower-paying jobs. At best, many industries remain somewhat fragile and continue to be impacted by COVID-19 policies and restrictions. In some instances, students may find positions that can receive pandemic funding or supports to help employers with the cost of bringing on new staff. Others may wish to focus on expanded roles within industries working to supply necessary goods and services to help with efforts to contain COVID-19. Regardless of what's available, the concern and stress around the cost of living expenses will heighten if a student also needs to factor in loan repayments.

Apart from students, the pandemic has also resulted in many jobs being deemed "non-essential services" and subject to pandemic-related shutdowns based on emergency measures legislation. This shutdown of the economy resulted in a significant number of layoffs, both permanent and temporary. While some people have been able to return to work, others await industry re-openings. Still, more have been affected by the closures of many companies. People who qualified for relief and assistance have been able to find a bit of relief, but it generally follows a finite timeframe. Generally, people who find themselves unemployed may be facing additional stressors of trying to leverage transferrable skills to find temporary work in another role. It also means that they need to manage finances more carefully and strategically because they are working with smaller income sources.

### **Consider changing money habits for some smaller wins**

There are several different ways you can work through the financial stress you've been experiencing and come out on

top. Taking the time to develop additional financial habits and strengths now can help you manage your money more wisely over the coming year.

### **Budgeting with boundaries**

The best place to start with is budgeting and spending boundaries. If you are not in the routine of sticking to a budget and setting rules to guide your spending, it's time to remedy and adopt a workable solution. There are many resources available to help you determine the best approach to creating a simple budget. It doesn't need to be any fancier than getting a handle on how much money is coming in each month and how much is going out. You can branch into different spending categories and look at the rules or boundaries you want to attach to them.

### **Gift-giving**

Have a critical look at how much you set aside each year for celebrations and gift-giving. At the moment, you may not be visiting or gathering with family and friends very often. You may be doing less spending as a result. Consider the reason why you give gifts and talk about it with those who participate in gift exchanges. There may be different ways to approach gift giving that could reduce or eliminate some financial stress.

### **Online Shopping**

Another spending category to evaluate is online spending. This method of shopping has increased significantly in the past year as a result of COVID-19 and simple convenience. Be aware of marketing campaigns and messages companies use to tempt you to buy products. The temptation of time-limited deals could see you falling victim to a scarcity mindset. Watch out for bundling and tiered discounts too. They are all in place to encourage you to spend more. Finally, think about how reduced spending in one budget category might be able to have you repurpose funds to another. If you have been working from home and will continue to do so, you may have reduced clothing and travel expenses which may result in the ability to find savings.

### **Critique your spending habits and be open to change**

It may also be time to look at your overall spending habits and decide where to spend your money. Are the "things" you are purchasing filling an emotional void?

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Do they present you with a false sense of happiness? Determine what's most important for you and play to your strengths. Work your decisions into your budget. As part of the work you're doing in this area, you may want to consider embracing the second-hand economy as both a seller and a buyer. You can arrange for cashless payments and porch pickups to maintain distancing guidelines and limit the risk of exposure.

### Explore different ways to save and start now

Start saving for big-ticket budget categories as early as possible. You can try many variations that use both cash and digital methods to separate funds and help visualize progress against your savings goals. If you can get into the routine of paying yourself first, you might not notice the funds being diverted to savings.

**Method one:** Round every purchase to the closest 10, 20 or 30 dollars and move the rounded off funds to a savings account.

Do you find yourself describing a purchase automatically in an even dollar amount? For example, if you buy an item for \$8.55, you might naturally round that purchase up to \$10 in your mind. You could then take the \$1.45 from your rounding and deposit that to a savings account instead. Over time, these little amounts will add up, and you probably won't even miss the money. Your mental math skills might get a boost too!

**Method two:** Take advantage of automatic savings deposits and automatic payments.

This one is simple and can sometimes work with your employer or your financial institution. Start setting aside as little as \$10 each pay for an automatic deposit. Putting it into an investment account or a savings account will allow you to take full advantage of compounding interest where available. It's a way that you can pay yourself first.

**Method three:** Use a pattern or formula to double your savings in eight-week cycles.

Start by saving...

Week 1	\$1.00
Week 2	\$2.00
Week 3	\$4.00
Week 4	\$8.00
Week 5	\$16.00
Week 6	\$32.00
Week 7	\$64.00
Week 8	\$128.00

At the end of each eight-week cycle, you will have saved \$255. After a full year of eight-week cycles, you'll have close to \$1700.

You may want to explore these kinds of saving options to create or rebuild a "rainy day fund". If there's anything we've seen from COVID-19 so far, it's that it is very unpredictable. By looking at your finances differently, you will be able to adapt and manage events and feel more connected to and in control of your money.

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