



Budgets can tell the truth about your money



GAIL VAZ-OXLADE
Special to QMI Agency

A budget is your plan for how you intend to spend the money that you bust your butt to earn. No plan means you're flying by the seat of your pants.

I live on a budget. I'm a big ol' TV star and I live on a budget. That's the only way I can make sure my money is doing what I want it to do. If I take my eye off the ball, I know the money is going to go places that do me less good.

So every month I make sure my needs are covered, set aside a little something for the things I love to do and I make sure I stay on track.

Once upon a time, before credit was as common as the cold, people knew whether or not they were living within their means because they either had

money left over at the end of the month or they didn't. With credit cards, lines of credit, and overdraft protection, it is much harder to see that you're not making ends meet because you can fool yourself into thinking you've got it covered.

But if you have a budget, you will know the truth.

The point of a budget is to set money aside for specific purposes — to cover your needs such as shelter, food, transportation, debt repayment and savings. But it's not just about needs; your budget also helps you plan for your wants like the gifts you will give throughout the year or that stash of cash for the vacation you've been dreaming of.

It's a lot harder to spend willy-nilly when you're on a budget because you've accounted for where the money is going, down to the last red cent.

All my budgets come out to zero at the bottom. If I find a category doesn't work

because there's not enough in it, then I have to cut from another category to make the budget balanced. But every cent is accounted for. No surprises.

Not everyone is prepared to be a grown up and spend money consciously. Some people like the rush of spending on a whim. They hate budgets. But they're the people most in need of a budget because they have no self-control.

If you're serious about taking control of your money and your life, you need to make a budget.

All the instructions are on my website, along with the interactive budget that will pour the money into the magic jars if you've a mind to use them.

If you've convinced yourself that budgets don't work, I'm here to tell you it's because you've never made one the right way.

But I'll have more about that in a future column.

— Gail Vaz-Oxlade's latest book, *Money Rules*, is published by HarperCollins and will make you say, "Really? I didn't know that!"

Visit her website at gailvazoxlade.com

Take control — make a budget



Make a budget to learn the truth about your money and where it's going. You might be surprised at what you learn. FOTOLIA

Five more ways to talk to your children about money



BARBARA STEWART
Special to QMI Agency

One month ago I used this column to offer five ways you can talk to your kids about money. Hopefully you had great conversations and are ready for more! These ideas come from interviews I did in 2011 when I interviewed 50 accomplished women around the world. During the interviews they told me how they learned

about money when they were young.

1. Discuss the importance of financial independence

A former senior bank executive explained how her father taught her the power of compound interest when she was just 10. He would take her to the bank and they would deposit her allowance together.

She began to understand the concept of saving for something special and, when her best friend moved to England three years later, she paid her own way to go

and see her.

2. Encourage kids to start working at a young age

Getting a job in your early teens can boost confidence. Determining your purpose in life is hard, but if you have experienced the discipline of working (even on seemingly insignificant jobs) you have trained yourself to focus your mind.

The head of HR for a telecom company felt strongly that interacting with customers teaches teenagers valuable lessons, such as how your behaviour can affect how well you do

at work.

3. Talk about persistence as a financial planning tool

Many accomplished women say that the main reason for their success was their ability to be persistent. They didn't learn this in school, it was wisdom passed along from a parent or mentor.

One woman's father sat her down when she was old enough to start work in the family business and he told her never to quit or give up and encouraged her to work tenaciously.

Before she knew it, she started achieving her goals and making money.

4. Tell kids to seize opportunities

Some kids will talk about how their friend got "lucky" and got a job. The successful women I interviewed were clear that being in the right place at the right time is important, but you need a willingness to act on the opportunity.

Our kids need to understand that they have to deliberately stay alert and be ready to pounce when opportunities present themselves.

5. Be a great role model

A social media expert told me she didn't receive any formal advice about money matters.

But she does remember that whenever she asked her Dad for a drive somewhere, he would say, "yes, dear. I work for myself. I leave when I leave."

She learned that having a business gave her father flexibility and a sense of freedom. Now she is her own boss, too.

— Barbara Stewart, CFA, is with Cumberland Private Wealth Management Inc. Visit her website at barbarastewart.ca