

Hewlett-Packard says it will sell the webOS operating system to LG Electronics, unloading the smartphone software it acquired through a \$1.2 billion acquisition of Palm in 2010.

Why most budgets don't work



GAIL VAZ-OXLADE
Special to QMI Agency

Keep
track
of your
cash!

People are always willing to volunteer their wisdom about budgets to me. I'm a budget-discussion magnet and, nine times out of 10, people want to tell me why budgets don't work. I agree. Most people's budgets don't work for a few basic reasons. Here's my Top 5 list of why most budgets don't work:

Wrong income projections

I can't believe the number of people who don't know how much money they make. I know there are a variety of pay periods — monthly, semi-monthly, bi-weekly and weekly — but all you have to do is look at how much is coming into your accounts to know how much you actually make. If it varies from one month to the next, then use the lowest income you have as your basic income.

Too few categories

People generalize their budgets too much to get

an accurate picture of where their money is going. I swear if I see one more budget with "spending money" as a category, I'll spit. It's all spending money. What are you spending it on? You have to have enough categories in your budget to give you a real sense of where the money goes and where you may be able to cut costs.

Missed expenses

Not all expenses come in every month. Insurance bills can come annually. Property taxes can come quarterly. Service contracts, dental bills and health-club renewals are all periodic expenses. If you don't include them in your budget, you won't have the money at the ready when the bill comes in.

Cash

People spend cash without keeping track of where it's going and that throws their budgets out of whack. Some people use ATMs like a wallet, pulling \$20 here and \$40 there. Then the money flows away without any record of where it's gone. This can be a problem if, for example, you know you have a bill coming due in a couple of days, but your partner doesn't and

(s)he goes into the account for cash, then you won't have the money available to pay the bill.

No plan to save

Despite how well known the "pay yourself first" rule is, people still don't follow it. They wait to see how much they have left to save. And it's usually zero. Zip. Zilch. If you're serious about saving, it has to be a line item

on your budget. You have to identify a specific amount you're going to save (both for long-term savings and for emergencies), and you need an auto-deduction to a savings account to make it happen.

— 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

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She's just not that into ... her investments



BARBARA STEWART
Special to QMI Agency

Consider this quote from my white paper, *Financial Lives of Girls and Women*: "53% of Canadian women surveyed don't consume financial news even once a quarter. When asked why, no excuses were given: Instead they cited lack of interest. But that doesn't

make them feel ill-informed — 63% of women feel very or moderately confident about managing their finances."

Women no longer feel that they have to follow traditional methods of acquiring knowledge such as reading about corporate takeovers, analyzing investment statements or publicly debating stock picks. In fact, many feel confident enough to explain that they just aren't interested in sifting through reams of detailed information — but that doesn't mean they aren't good investors.

A strategy consultant told me how she has come "180 degrees" in how she deals with money issues. The first part of her career was spent advising top-level executives on financial strategies related to their businesses. She married at 40 and "enjoyed every second" of having two babies and fell deeply in love with family life. A massive shift occurred: She now leaves the finances to her husband and has no interest in being involved. This is an example of a supremely capable woman making a lifestyle choice. She may be

choosing an old model, but it is a conscious decision, and one not based on ignorance or lack of confidence.

Another woman I interviewed told me that when she sold her business, her sudden wealth shocked her. She decided that she should, as a full-time job, learn how to manage her investments. She took some courses, followed the stock pages religiously and forced herself to persevere. Over time, and after much handwringing, she threw in the towel and declared that she just

wasn't interested enough to continue. From there she searched for a money manager she could trust and she is now confident that her affairs are in order.

When women say they know how to manage their money, for many it means that they know how to manage the relationship with their financial advisor. They identify the core issues and outsource the responsibility to an expert who will sift through the fine details and talk with them about only what matters.

Everyone has their own relationship with money. It takes courage to decide on what matters most — maybe we aren't so interested in online trading or poring over documents looking for management-expense ratios. Having the confidence to admit that we just aren't that into our investments can free us to make other choices about how to manage our money and our lives.

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