

Achieve Financial Security

If you are dealing with debt and are living paycheque to paycheque, you tend to focus on just getting by in the moment. However, it is your actions in the present moment that can help you achieve financial security for the future.

“What does financial security sound like to you? Living debt-free? Having a nest egg of savings to rely on? Having healthy cash flow that lets you not live paycheque to paycheque? Not having to manage the stress that goes along with debt? All of these are positive lifestyle attributes, which may not be what you are experiencing living with debt,” says Jeff Schwartz, executive director, Consolidated Credit Counseling Services of Canada.

“Visualize what your picture of financial security looks like and set that as your goal. By changing your approach to spending and saving today, you can build the foundation for financial security for tomorrow,” says Schwartz.

Stop using credit

The very first step to achieving financial security is to stop the debt pile from growing. In addition to developing a plan to pay down your debt, change your financial direction by adapting a cash-based lifestyle. That way, all the money that you put down on your debt can work to erase, not reduce your debt.

Spend well below your means

On paper, it's simple. Your household budget dictates how much you are able to spend on expenses without having to go into debt. However, in daily living, applying that budget can be more challenging, especially if you subscribe to the “buy-now-pay-later” mentality.

In order to achieve financial security, not only do you need to spend within your means, you need to create a gap of wiggle room to cover you in the event of unexpected expenses or job loss. That means spending well below your budget-driven max.

Some ways to accomplish this are to move towards more simple living. Buy a used car instead of a new car. Eat at home instead of the restaurant. Downsize your home and save on your mortgage/rent and operating costs.

Smart saving strategy

You may already be aware that having emergency savings on hand is a crucial part of a debt repayment strategy. But as you look towards creating financial security, you need to be a little more specific with your savings goals. You need to contribute to your emergency savings fund every month, but also diversify your savings into something longer term as well- like your retirement.

Every dollar that you save for your long term future means one less dollar that you might need to turn to debt to cover expenses in your golden years. It may seem like retirement is a long way off, but you can benefit over the long term from investing your money today.

Saving for your retirement also has more immediate benefits which can help you create financial security. You can withdraw from your RRSP (Registered Retirement Savings Plan) to use as a down payment for a home. You also get a tax deduction for your RRSP contributions, which you can use to pay down debt even more or build up other savings.

Get educated

Create your own path towards financial security by becoming aware of the options that are available to you. The more you know, the more you can take advantage of tools that are available to you, which will only benefit you

Discover your individual score to help assess your current financial fitness level and get useful information. [Financial Fitness Test](#)

For more information on this and other financial literacy and credit issues, visit the [IICanada Financial Literacy Resources](#) page or the [Jamati Budget Lounge](#), a web-based financial education centre that has been set up exclusively for our Jamat through Consolidated Credit Counselling Services of Canada, a national non-profit organization. The Jamati Budget Lounge offers unbiased debt-counselling service and offers alternatives to help people get their debts under control. In addition to offering solutions to alleviate and eliminate debt, the site also focuses on financial education and understanding. Strategies include teaching basic, but vital concepts such as how to: budget; understand credit; and manage money. The toll-free number **1-844-329-3834** has also been set up for our Jamat to speak to a trained credit counsellor from Consolidated Credit in English, French or Farsi on a confidential basis.

Although all communications will be confidential, any connections via the [Jamati Budget Lounge](#) or via the toll-free number to Consolidated Credit will be tracked for statistical purposes.