

# Do you know where your money is going?

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**There is a tool to help you keep track of how much money comes in and goes out each month: a budget!**

## **Why should you prepare a budget?**

There are many reasons why you should prepare a budget. The most popular reason is to know where your money is being spent. This may seem simple, but most people who have never prepared a budget don't know how much they are spending or where they are spending. You may also prepare a budget for other reasons, including:

**Planning a project:** Having a goal is a good way to start a budget. Planning for the purchase of a home or a vehicle, a vacation or a new baby are examples of relatively long-term goals that require detailed planning.

**Avoiding falling into debt:** Budgeting is not only for those who are in financial trouble. Many people prepare a budget specifically to avoid falling into debt. By knowing your income and your expenses, it is easy to avoid impulse purchases.

**Paying off debt:** A budget can help you to pay off debt. Treat the debt as an expenditure and in your budget, anticipate the amount you wish to pay towards it each month.

**Savings:** You would be surprised at the amount you spend on small purchases every month, such as your morning coffee. Being aware of how much you spend on these small expenses can help you cut down on some and save a few bucks.

Regardless of why, the important thing is to prepare a budget...and to follow it!

## Review your budget

In order to follow your budget, it is important to review it on a regular basis. Things change, and you may have to add or eliminate certain expenses, or re-evaluate the amount you pay. A regular review will ensure that your budget is accurate and up-to-date, which will encourage you to follow it. This may require some time on your part, but it will be worth it in the long run.

## Why your budget doesn't work

To be effective, your budget must be accurate, complete and realistic. Approximate amounts, such as rounding amounts up or down, may distort your calculations. Also, not including certain expenses in your budget may make it more appealing, but it won't balance. Finally, make sure your goals are realistic.

**INVESTED IN YOU.**

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