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## We're in the toughest three months of the year for your wallet

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We're now into the toughest three months of the year for personal finance.

Halloween, just three weeks away, has somehow morphed into the second-biggest spending occasion of the year. Then comes the Christmas season, the year's foremost spend-fest. The modern definition of comfort and joy is spending on travel, presents and an intensified social calendar of parties and dining out.

Being good at personal finance is a lot about anticipating what's ahead – long-term stuff such as retirement, and short-term annual milestones such as the holiday season. The right way to do this is to make saving like breathing. Without having to think about it, saving just happens.

One proviso before we get into how to make saving this automatic: The true benefit in terms of preparing for holiday-season spending will be felt in the fourth quarter of 2017, not this year. You can build up a bit of saving momentum for what's left of 2016, but you'll need a full 12 months to see the real reward.

We intuitively understand the need to make saving like breathing. This is why there's still some lingering affection for Canada Savings Bonds, which were the subject of a recent news report saying the federal government is considering a phase-out of the program in the next budget.

CSBs are a relic of the personal finance Jurassic age and they're outshone by alternatives that you'll see in the chart with this column. But many people like them because of a payroll savings program that allows bonds to be purchased gradually through deductions off a paycheque. To save automatically for both the short and long term, set up your own payroll deduction plan.

Start by opening a few high-rate savings accounts at your own bank, or one that specializes in these products and offers premium rates. The rate you get on your automatic savings program matters less than developing the discipline of saving automatically. The same applies to whether you use a tax-free savings account or not.

Once you have your initial account set up, create a few additional accounts and give them nicknames. You can do all of this online, including the nicknaming. I have money sitting in 15 savings accounts at four different banks, each one labelled for specific purposes such as spending over the holiday season, vacations and premiums for car, home and term life insurance.

Don't plan to manually transfer money into your various savings accounts. You won't do it half the time because of week-to-week spending pressures. The car needs work, your computer is fried, your toilet is plugged, you're fed up with cooking and want to eat out. The time to save is before the daily grind of spending wears you down, not after.

If your savings accounts are at the same bank when your paycheque is deposited, then setting up automatic transfers is simple. Just go to the pay bills/transfer money page of your online banking

website and arrange recurring transfers on payday. For example, you could send \$50 to your Christmas account and \$50 to an account where you're saving for a vacation.

To set up recurring transfers to a savings account at an online bank, you'll need to supply this bank with details about your chequing account – transit number, institution number and account number, all of which are displayed in the line of numbers at the bottom of cheques. You can mail a void cheque, or you may be able to use new technology where you photograph a cheque with your phone or tablet and electronically submit it.

You're never locked into automatic savings. You can turn off the tap, reduce the amount you save or increase it. Over the years, you'll find yourself relabelling your accounts as your needs change. What was once the account where you saved for your child's hockey equipment and fees might become the one where you put money away for home renovations.

You can also apply the saving-as-breathing principle to long-term savings goals like retirement. Arrange to have money sent electronically to a registered retirement savings plan or tax-free savings account each time you're paid. Ideally, the money would be invested automatically rather than sitting in cash waiting to be invested later.

Looking ahead to this holiday season, you could have \$300 or so in hand by Christmas if you put away \$50 a payday. For the 2017 holiday season, you'll have at least \$1,300. The hardest three months of the year in personal finance go a lot easier when you're prepared.