

ASK THE EXPERT

HOW DO I SURVIVE THE BACK TO SCHOOL CRUNCH?

September is often one of the most expensive months of the year. Not only are parents faced with the need for back to school clothes and school supplies for their kids but they are also trying to pay for various activities. Anyone's budget can be easily swamped by the flood of requests for money that coincide with the beginning of a new school year. The only way to prepare yourself for this is to spread these costs over the entire year. Most organizations now offer the option of leaving post dated cheques to pay for registration in installments to help spread out these costs, but that often is not enough. If you have several children or children participating in several different activities at once, you will need to plan for these expenses all year round.

Activities such as hockey, scouts and guides, gymnastics, figure skating and various other worthwhile activities for our children often have to be paid in the month of September. These types of expenses are a good example of the need for what we call a cash flow account. Because these expenses occur all at once there is a need to plan ahead to start saving for these expenses all year long.

If you open a separate account for these types of expenses then each month you can have your bank automatically transfer a set amount into this account so that when it comes time to pay for these activities you have enough money to do so. The same principle can be applied to saving for things like car repairs, Christmas shopping or even a vacation.