

## January 2008

I remember this time last year we thought we'd never see the light of day.

It was right about the time our Christmas bills came that Tom and I decided to go see Sheila. We had read so many financial self-help books, and we tried to set financial goals and plan, but our finances were in a terrible state of affairs. We were tens of thousands of dollars in debt with a student loan, a line of credit and back income taxes owing, and we had no savings.

I remember over the holidays our friends and relatives had talked about retiring within the next 10 years with big pensions. We just stayed out of the conversation because we honestly thought we would be working into our 90s!

And I remember hesitating to go to Sheila. The fee seemed like another big expense that we couldn't afford. That was until we noticed that it was actually less that we were spending on interest for our debts. That little revelation was like instant "permission" to see her. Thank goodness, because Sheila's fee was the best investment we have ever made. We saw that in the first hour of our first meeting.

This time last year I found our finances baffling. Being self-employed and working contracts, my monthly income varied - still does. Tom's income is steady, but it's not enough to cover our monthly expenses. Our line of credit was like our buffer each month, but we weren't paying it back because there never seemed to be a "good month".

We *believed* that our combined income should have been enough to cover our expenses. And we thought we were

being careful, so we could never understand why we didn't have money.

Looking back, it is easy to see why we were in such trouble. We spent money in anticipation of money coming in down the road. We ate out, went to concerts and shopped with the assurance that my next invoice would cover it. The money was always gone before I got it, so we were never getting ahead.

And the things we thought were necessities really weren't. We spent money on books we've never read, clothes we've hardly worn, bottles of wine we didn't like and CDs we listened to once. We justified them as treats for a bad day at work, or the necessary accoutrements for a good life. Now I'm able to see that those items took away from our good life, they didn't add to it. All those little things added up to debt that was robbing us of the future we wanted.

We never set money aside in savings because we thought that, with our level of debt, any money we had should go to paying down the debt. So, whenever we had an unexpected expense (car repairs, dental emergencies, vet bills), we never had any money to pay for it. So hello line of credit - our old friend was there to bail us out and dig us in deeper.

If all that wasn't enough, when we sold our condo and bought this townhouse, our mortgage payments went up but none of our other spending went down. When Mom died, we didn't adjust our spending even though I was hardly able to take on work while I looked after Dad.

*continued...*

Sheila really helped us turn our situation around. She helped us identify our goals and we started to see how our spending was completely counter to what we valued.

We love travel but we never had enough money to go away. We were spending hundreds of dollars on meals out every month without stopping to think, hey we'd rather have dinner in Rome than at White Spot.

Now we save that money automatically in our travel savings before we can spend it. And Sheila helped us see the importance of setting aside money each month for unexpected emergencies and for major expenses that come around every year.

We've learned that saving isn't a luxury, it's a necessity for our financial well being. We now have money saved for the veterinarian and our home insurance so we are ahead of those. And we're expecting the unexpected so costs we didn't budget for won't derail us. That line of credit doesn't look like our emergency fund anymore, it looks like what it is - a debt we are working to pay back.

Sheila put together a plan so that we could aggressively attack our debt. Debt reduction was our number one goal, and now that we know what we are doing, our spending really supports us to achieve that goal. I remember how much we worried and fretted about the debt last year, but we didn't see that we added to it each month. Now, we're watching what we do and we can see the day when the debt will be gone!

It's been a year since we first went to Sheila, and our road to financial well being hasn't been a straight trajectory. We

have had bumps along the way. We still make mistakes and we fell back into old patterns on a couple of occasions (I made at least one expensive impulse buy!). The difference between our behaviour now and before is that we catch ourselves early, make adjustments in our spending to compensate and we recover.

We are still learning. Now that we've had a chance to review all of our expenses and income for last year, we can see things we can change to make next year even better. We have found ways to bring in more money. I have plans to expand my business and Tom is going to teach an evening class so that he can save for a trip to a music festival in the spring. I still need to learn better time management because so much of our financial trouble lies in the fact that I don't get my invoices out on time!

One important and sobering lesson that we have learned is that big debt is hard to get rid of. We have to pay it back (plus the interest) a dollar at a time. With big debt, it's like we can't get rid of the past. I'm sure that we are still paying for things that we don't even own any more! We're ready for our future!

We have learned so much. If anyone asked me, I'd say, "Learn to live well with the money you have, set goals, and plan for your future. It is never too early, or too late, to get on top of your finances." We're well on our way and I know that Sheila's help was the key.