STRIKE READY SAVINGS

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Local 569 ATU

A FINANCIAL GUIDE

TO HELP YOU PREPARE FOR JOB ACTION

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PREPARING FOR A STRIKE?

Here are some quick financial tips :

1 START SAVING

Temporarily increase your emergency fund. Put every spare dollar in. If we go on strike, you have a war chest. If not, you can use the extra money to pay down debts after the contract is signed.

2 TALK TO YOUR LENDERS ABOUT A DEBT VACATION

Your major debts like car payments and mortgages can sometimes be put on vacation. The terms of the vacation are set by your lender but it usually means you can avoid paying payments for the length of the strike.

3 PAY MINIMUM ON ALL OTHER DEBTS

Do not worry about paying off debts in a strike. Just pay the bare minimum amount on all debts you cannot get a debt vacation on. Put all the extra money towards your emergency fund.

4 TOP UP YOUR MEDICATIONS

During a strike, your benefits stop. Talk to your doctor about getting several months of medication to ensure that you don't have to get more during a strike.

5 TAKE NEEDED MEDICAL OR DENTAL APPOINTMENTS

Because you have no benefits during the strike, try to get all medical and dental appointments for you and your dependents taken care of before any potential strike.

GETTING FINANCIALLY STABLE

DEBT IS KILLING OUR SOCIETY

As of 2021, the average Canadian is **$73000** in debt, not including a mortgage.

Debt ties up your money and limits your choices. Just look at the City of Edmonton. As of 2021, **10.5%** of city expenditures were **paying back debt**. The budget is about **$3.7 billion**. That means **$388 Million each year** is spent servicing debt instead of going into roads, services, or increasing our pay.

SO HOW DO WE GET OUT OF DEBT AND BECOME FINANCIALLY STABLE?

STEP 1. MAKE A BUDGET

The budget is one of the most important household chores that most families do not do. In many cases families know exactly how much money they have coming in, but fail to plan how that money is spent. Healthy finances should know exactly how many dollars come in for the month and where they go in that month.

IMPORTANT FACTORS:

- Every month should have a budget.
- The budget is a family contract - everyone should have a voice.
- Every dollar should have a destination.
- If you overspend in one category, pull from another.
- It may take a few months to perfect the budget.

DEBT SHOULD HAVE NO PART IN YOUR BUDGET.
ONLY SPEND WHAT YOU EARN!!!

SAVING ADVICE: THE ENVELOPE SYSTEM

The envelope system is the kind of budgeting system Grandma used to rely on. For her budget, she would take envelopes and write the name of each category of spending on them. Then she would put her full budget for the month in the envelope. If she went out for groceries, she took money from the food envelope. If she paid the water bill, she would take money from the Utilities envelope. The key was, there was only so much money in each envelope. So she would need to decide “what do I need most” each month to ensure that there was enough money to get that envelope to the end of the month. Because once it is empty, that’s it.

ENVELOPE BUDGET CATEGORY SUGGESTIONS

Investments	Food	Utilities	Rent/Mortgage
Transportation	Insurance	Clothing	Gifts (Birthdays, etc)
Vacation	Debt Repayment	Entertainment	Giving

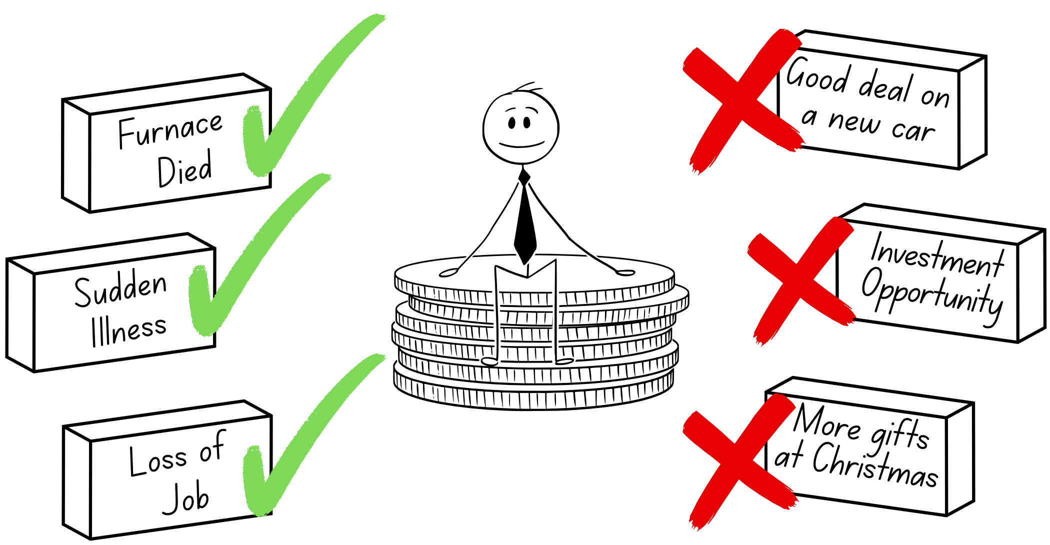
STEP 2. START AN EMERGENCY FUND

It is important you have a plan in place for emergencies. Enter the **emergency fund**. It is meant to cover you in case of unexpected circumstances so you can avoid taking on more debt. If you have debt and no major life interruptions on the horizon (eg, new baby, loss of job, strike), ***start with saving an amount of $1000***.

IMPORTANT FACTORS:

- This is not savings meant to get interest. Keep it somewhere you can easily access it. ***DO NOT lock it in a GIC.***
- This is for **emergencies only**. Do not dip into it for any other reason.
- If you have an emergency, make building the emergency fund back up your top priority.
- Don't spend on luxuries or investments until you have good savings fund.

IS IT REALLY AN EMERGENCY? It can be tempting to dip into savings when opportunities present themselves, but the key to a good Emergency Savings is to have it available in case disaster strikes!



A SMALL AMOUNT OFF EACH PAYCHEQUE CAN MAKE A DIFFERENCE TO YOUR SAVINGS. EVERY LITTLE BIT HELPS!

STEP 3. PAY OFF DEBTS

The key to getting out of debt is to pay off debts as quickly as you can. Paying off your debts smallest to largest, also called the **debt snowball**, is one of the best ways of accomplishing this. It helps hijack your reward centre in your brain to keep you motivated, consistent, and on task to ***pay off your debt as quickly as possible***.

LET'S MAKE A DEBT SNOWBALL

1

Pay the minimum on all debts except the smallest. Pay as much as you can on the smallest debt ***(debt A)***.

2

Once the smallest debt is paid, pay the minimum amount plus all the money you were paying on debt A on the next smallest debt ***(debt B)***.

3

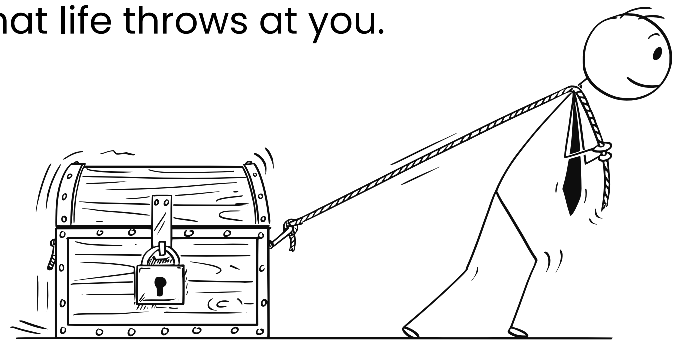
Once the second smallest debt is paid, pay the minimum amount plus all the money you paid on debt A and debt B on the next smallest debt ***(debt C)***.

STEP 4. INCREASE EMERGENCY FUND

Once all your debts are paid off, increase the amount of your emergency fund from $1000 to **3 to 6 months of expenses**.

This gives you a war chest to be able to ride out the majority of emergencies. It lets you be in control no matter what life throws at you.

Imagine how great it would feel to go into a strike knowing you have enough funds to keep fighting no matter how long the strike goes?



FIGHT AGAINST THE LIFESTYLE CREEP BY LIVING WITHIN YOUR MEANS

If you've been able to tackle your debt and save enough for your initial emergency fund, you might fall victim to the "lifestyle creep," where your spending increases with your available income and things that used to be special indulgences quickly become part of your every day spending. Stick to your budget to avoid splurging at this stage; you want to have a solid foundation before you loosen the grip on savings.

STEP 5. BEGIN INVESTING

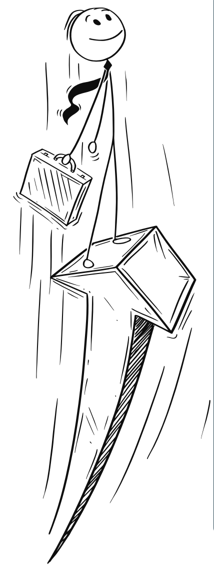
When you have paid off your debts and have a full emergency fund, ***start investing 15% of your pre-tax income***. This is over and above your pension! In the past, Governments have mismanaged pensions. Economies have crashed. You want to have extra savings set aside to make up any potential pension shortfalls, pay for any unforeseen medical bills, and provide you a bigger cushion in retirement.

TALK TO A FINANCIAL ADVISOR TO SET UP YOUR INVESMENTS!

INVESTMENT SUGGESTIONS

INVEST IN MUTUAL FUNDS ACROSS 4 CATEGORIES

- Growth
- Aggressive Growth
- Growth and Income
- International

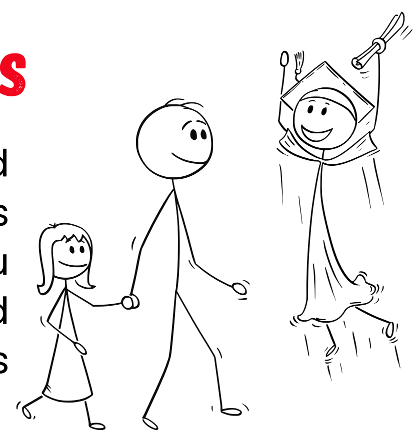


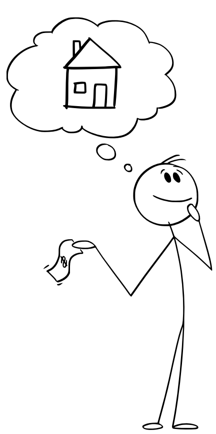
THINGS TO KEEP IN MIND:

- Look for funds that have a minimum of **6-10%** returns **over the last 10 years**.
- **Max out TFSAs** as soon as possible.
- **Invest in RRSPs** once TFSAs are maxed out.
- Stay away from single stocks.

STEP 6. INVEST IN RESPS

With all debts paid off, you should have a large portion of your finances available. If you have a family, you can start thinking to the future and investing part of those extra finances in RESPs for your children.





STEP 7. PAY OFF YOUR HOUSE

Your debts are paid off, and you are investing in both your future and the future of your children. At this point, any free funds available should be put toward paying off your house.

100% OF FORECLOSURES HAPPEN ON HOUSES WITH MORTGAGES.
PAY OFF THAT MORTGAGE AS QUICK AS YOU CAN.

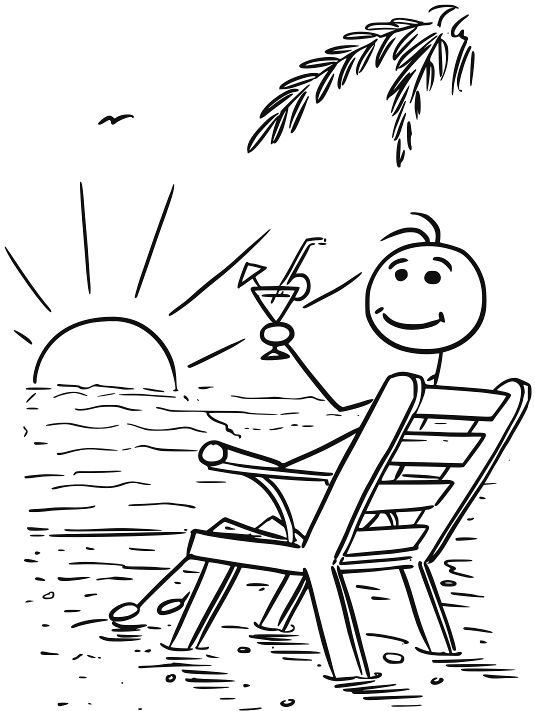
STEP 8. ENJOY YOUR FREEDOM

You did it! You have no more debt. Your future is invested in.

WHAT DO YOU DO NOW?

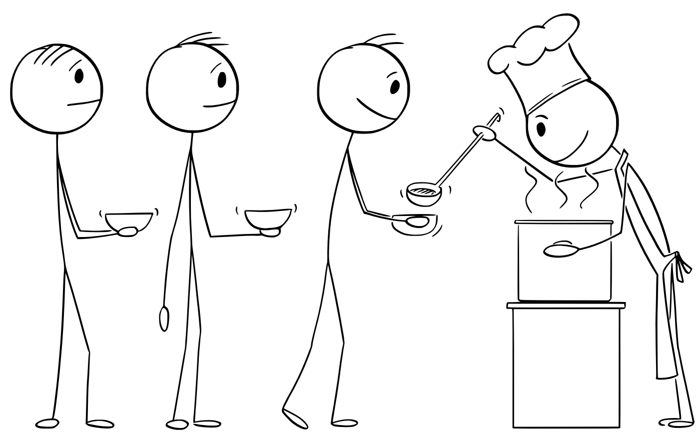
After working so hard, you can afford to spend a little more on you. You are finally free to . . .

BUY A NEW CAR
RENOVATE THE HOUSE
GO ON VACATION
INVEST MORE
BUY PROPERTY
BUILD THAT NEST EGG FOR AN EVEN BETTER RETIREMENT
BE GENEROUS



You know what it was like to have the weight of debt over you.

Look for people in your life who you can bless and help.



ENJOY THE FREEDOM YOU HAVE WORKED SO HARD TO ATTAIN!


PLEASE NOTE
THIS BOOKLET IS DESIGNED TO PROVIDE
ACCURATE AND EDUCATIONAL ADVICE.
SINCE YOUR SITUATION IS FACT DEPENDENT,
YOU SHOULD ADDITIONALLY SEEK THE HELP
OF A QUALIFIED PROFESSIONAL.

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