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# IT'S ABOUT THE CHOICES WE MAKE

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November is financial literacy month. This time of the year reminds us of the choices we make in managing our own money. It also happens to be just around the corner from the holiday season. We can decide whether our spending in the next couple months will be within our means or whether it will provide us anxiety because we over-spent and have to play catch up for a month or two – or more.

We have all heard the old clichés – “A penny saved is a penny earned”, “Money does not grow on trees” or “Save for a rainy day”. The importance of these clichés is that it helps remind us of the importance of managing our money and our wealth. Some of these concepts are new to us some we have heard for some time.

Many tools exist on the internet today to assist us in the mechanics of Inflows and Outflows. Yet as reported in the media, in 2015 Canadians have a household debt to disposable income ratio of 164.6%. For every dollar of disposable income, Canadians owe \$1.65 on average.

Should we be concerned? Is this even applicable to Aboriginal Canadians? I think the answer is the elusive - It depends. Let me share with you what we do know. AFOA Canada completed a 2015 Aboriginal Financial Literacy Needs Survey that reported approximately 40% of us have a tough time making ends meet and live pay-cheque to pay-cheque. The Canadian average is 30% as reported in the 2014 Canadian Financial Capability Survey. The individuals who filled out our survey were typically employed professionals who work in finance, management and leadership positions. This means that our percent is likely much higher as an Aboriginal group and possibly well over 60%!

We also discovered that at least half of us do not have a “rainy day fund” for emergencies. This limits our individual resilience toward future unexpected events such as a job loss or unexpected health costs for family members.

What about retirement planning? More than 63% of respondents to our study said that they know nothing or very little about retirement planning. Half of the respondents have thought very little or not at all about retirement.

Now that I have your attention, what could I possibly write that maybe of some help to you. I am not going to say to pay yourself first and save 10% of your income for retirement.

What I will say, however, is that managing your money is about choices. There is the choice to inform ourselves about how to develop a household budget and commit to it. There is the choice of determining our financial goals to ensure we can achieve the lifestyle we desire. There is the choice of having the sometimes difficult discussion with our partner on certain types of expenses. There is the choice on how much good and bad debt that one can afford.

Taking the time to record your expenses for a month on a spreadsheet can be revealing. My wife reminds me of our past conversations. Apparently, I have said that you can clearly articulate your financial goals on a piece of paper, however, when you analyze your spending patterns the manner in which you spend your money is your real priorities. It may not align with your “clearly articulated financial goals”. And now you have a few choices to make.

If we step back to see a larger picture, I think we can all see that there is an emerging middle class of Aboriginal Canadians with purchasing power. The strength of this group will also depend upon its ability to create individual and family wealth. The knowledge and skills we develop in the area of financial literacy can support this emerging middle class.

To add one more cliché to the mix, as I was growing up, my father said to me “it’s not what you make but what you spend”. At that time, I did not understand what he was saying. As time passed, I see the wisdom of this statement in my own personal financial planning and those people around me. At times during my life, I find comfort in what he said. At other times in my life I am scared out of my wits.



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