

Escaping the vicious circle of going paycheque to paycheque

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Many Canadians [are stressed out about money](#) and feel it would be difficult to meet their financial obligations if their paycheque was delayed by even one week.

[A new Statistics Canada study](#) has found that most of us are struggling to make ends meet.

The situation is similar in other countries, including [the United States](#), [Australia](#) and [New Zealand](#).

[Stressing about money creates all kind of problems](#). It makes people pessimistic and causes them to feel bad about themselves. It leads to declining [physical health](#) and mental health], alcohol consumption, relationship problems and poorer parenting, among other problems.

Most people aren't comfortable financially because [they spend too much and carry too much debt](#). Some of the reasons Canadians are in debt include no budget or poor budgeting, spending more than they can afford, impulse or addictive spending, abusing [credit cards](#), missed payments, and the lack of an emergency fund.

How to reverse the trend?

The good news is that there are ways to reduce bad debt and become more comfortable financially. [Researchers](#) describe a number of ways [to work toward financial wellbeing](#). However, [what works for one person might not work for another](#), so figure out [what makes sense to you](#).

Some tips:

1. Recent research shows that not having to borrow for day-to-day expenses, and active saving, are associated with a [significant increase in financial wellbeing](#), and there are calls for a shift from simply improving [financial literacy](#) and knowledge to [actually encouraging specific behaviours](#). That can be as simple as having a budget and sticking to it. [Many people, especially young adults, don't have a spending budget](#), yet this one single

step can dramatically change people's behaviour and their financial situation. The government of Canada [provides some information on how to create a budget](#).

2. [Pay attention to your feelings](#), especially emotions like guilt that can be associated with overspending. Considering the consequences of overspending, and pausing to think about those consequences, often helps people abstain from buying something they may not need.
3. [A recent poll shows that the top Canadian priority in 2019 is paying down debt](#). That means there are lots of people like you trying to obtain this goal, so join the club. Realize that social norms are changing, and more and more Canadians want to be in control of their finances. Lean on a friend or loved one for support in your mutual financial aspirations. If they can do it, you can do it, too.
4. Notice the effect on others —family and friends, in particular —of your spending behaviour. That may help you rein in your spending and tackle your debt.
5. Create a new self-image by understanding that changing your attitudes and behaviour in respect to money is an important part of your identity and your emotional wellbeing. Working towards a better [financial situation](#), and benefiting from it personally, will make you feel better about yourself, sleep better and improve your relationships.
6. Make a commitment to change by setting personal goals, including making the aforementioned budget, and sticking to them. It can be as simple as limiting yourself to one restaurant outing a week or packing your lunch instead of buying it every work day. Start taking active, tangible steps toward your [financial wellbeing](#).
7. Use substitutes, or healthy alternative behaviours instead of harmful ones. Get to know yourself. What are you doing well and what are the things that need to change? Keep doing what you do

well and start working on what you have to change. If you go to the mall during lunch break and keep buying clothes that you never wear, go for a walk in the park instead. If you buy articles you don't need just because they are on sale, make a list of items you actually need, and stick to it. Or make a list of the number of times you've bought sale items and then never worn the clothes you've purchased. It might be sobering.

8. Manage your environment to avoid engaging in harmful behaviours. If you know that you're spending mindlessly when using your credit card, leave your credit card at home and take only cash with you. If you know that going shopping with a friend makes you spend more, go by yourself. Set up automatic transfers to your savings account every pay day to limit your spending and build up savings.
9. Ultimately, reward yourself for making progress and becoming more in control of your finances by using non-monetary rewards like spending quality time with a friend or loved one. Keep in mind that happiness can be achieved without [spending](#) a lot of money. Go for a hike, cook a meal together.
10. Get support. If you can't do it by yourself, ask for help. You can benefit from accessing financial counselling, financial planning, employee hardship programs and speaking to your lenders about debt consolidation.

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