



*Have a visual reminder of your goal. Seeing your goal every day keeps you motivated and trains your mind to look for opportunities that will move you in the right direction.*

## The financial sequence for small business owners

### Survival



- Incrementally increase your income
- Keep your cash liquid
- Institute a spending freeze
- Pay with cash
- Get your family on the same page

### Stability



- Establish a home budget
- Set up an automatic transfer into a savings account
- Develop a debt-reduction plan
- Be properly insured
- Have a written Will

### Success



- Invest in yourself
- Put your money to work
- Pay off your home
- Develop a detailed retirement plan

### Significance



- Create a plan to sell your business or develop a succession strategy for your heirs
- Reallocate your investment portfolio
- Be intentional with your financial legacy
- Be charitable

# Take Control of Your Finances

For many small business owners, tracking expenses and committing to a spending plan (budget) is an intimidating process that can make you feel as if you have little control over the money you make, or it may seem impossible to stick with due to irregular commission checks. It may be tough to get started, but a spending plan is essential to financial success, allowing you to keep more of what you make and most importantly, your peace of mind. If you consistently take small steps in this area, over time you will be able to achieve all of your financial goals, have a healthy, profitable business and a better quality of life.

## Your goal justifies your sacrifice

Why are you in business? This question is vital to the implementation and commitment to your spending plan. Is it so that you can build a cash reserve to carry you and your spouse through an abundant retirement? Perhaps your goal is a family vacation to a tropical island or to pay for your children's college expenses. Whatever your reason, your primary objective for creating a financial plan is to help make your goals a reality. Your exciting goals are one more reason to question, "Do I really need this?" before buying anything and will inspire you to continue to work hard.

## Increase your income

Your focus is on increasing your income and business opportunities. Start in your office: Eliminate waste (e.g., unnecessary office supplies and expenses) and don't invest your time in negative people who are dragging you down. An efficient and positive office environment will allow you to focus on finding opportunities that will foster the health of your business.



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# 3 Keys to Financial Fitness

**1 Get a clear picture of your financial situation.** Make a list of your income, expenditures (e.g., taxes, home and business expenses) and estimated costs necessary to accomplish your goals and take care of your responsibilities. Once you have a total sum, figure out how many homes you will need to sell in order to live your lifestyle, invest in your business and reach your goals. Although it may feel overwhelming at first, remember that **you have the tools to control your financial future.**

**2 Separate home and business spending.** Home spending can have a devastating effect on business funds. To avoid calamity, create separate home and business spending plans and establish a bank account for each. There should be no crossover whatsoever, except when there is a serious emergency. **Good spending plans for your home and business are flexible and accommodate changes in your life,** including unforeseen expenses, irregular bills, changes in your living situation and other events that come up.

HOME	BUSINESS
<input checked="" type="checkbox"/> <b>Use the rollover plan to reduce your debt.</b> For credit cards, pay off the card with the highest interest rate first, then apply that payment to the minimum amount you were paying to the card with the next highest rate. Continue doing this until your credit cards are paid off. For loans, double the principal to pay them off faster.	<input checked="" type="checkbox"/> <b>Make cuts to your home expenses before making cuts to your business.</b> Your business is your priority. You can live without cable television and other amenities; however, you can't live without the revenue of your business.
<input checked="" type="checkbox"/> <b>Create a reserve account.</b> Start with \$1,000 and continue to deposit money until you have at least a month of expenses covered.	<input checked="" type="checkbox"/> <b>Invest in your business.</b> Increase its value by building up a 3-month cash reserve in your business account.
<input checked="" type="checkbox"/> <b>Make savings automatic.</b> Set up an automatic savings plan with your financial institution to transfer a specific amount of money each month from your checking to your savings account.	<input checked="" type="checkbox"/> <b>Give yourself a paycheck every two weeks to cover your basic needs at home.</b> The rest of the money should remain in your business account.

**3 Continue to build your cash reserves.** In order to build a surplus of cash, you must build capital. Ideally, you will live on **70%** of your revenue and invest the remaining **30%** into charity and investments. To begin, live on **90%** (or even **97%**) and divide the remaining funds into savings, donations and investments. Small steps over time will add up to big financial gain in the long run.

**Good financial management requires discipline. However, the joy you will feel and the freedom you will earn when you reach your goals will be well worth the sacrifice.**