GUIDE 05

The Canadian Budget Blueprint

A money system that works at every stage of life — budget, save, eliminate debt, and stop feeling like you're always behind.

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The Truth About Budgets

A budget is not a restriction. It's a plan. It's you deciding — in advance — what your money does, instead of looking back at the end of the month wondering where it went. The goal of this guide is a system that actually fits your life.

> **TJ'S TAKE**
>
> I've worked with people at every income level. The ones who struggle aren't always the ones earning less. The ones who thrive are the ones who know where their money is going. Awareness is the foundation of everything.

1. Start With Your Actual Numbers

Before building a budget, you need two numbers: what comes in and what goes out. Pull 30 days of bank and credit card transactions and categorize every one. Most people find 2–3 spending categories that genuinely surprise them.

> **REALITY CHECK**
>
> **The average Canadian household spends $1,200–$1,800/year on forgotten subscriptions.**
>
> Go through your bank and credit card statements right now. List every recurring charge. Cancel anything you haven't used in the last 60 days. That is found money.

2. Three Budget Frameworks — Choose What Fits

Method	How It Works	Best For
50/30/20	50% needs, 30% wants, 20% savings and debt	Beginners — simple, flexible, easy to start
Zero-Based	Every dollar assigned a job; income minus all allocations = $0	Detail-oriented people who want full control
Pay Yourself First	Auto-save a fixed % on payday; spend the rest freely	People who hate tracking and want a simple rule that works
Envelope Method	Allocate cash or digital envelopes per category; stop when empty	People who overspend in specific categories

QUICK WIN

Start with "pay yourself first" if you've never maintained a budget. Auto-transfer 10% of each paycheque to a separate savings account on payday. You never see it, you don't miss it, and it builds wealth automatically.

3. The 50/30/20 Rule in Canadian Reality

Category	Target %	What's Included
Needs	50%	Rent/mortgage, groceries, transit, utilities, insurance, minimum debt payments, childcare
Wants	30%	Dining out, entertainment, streaming, clothing beyond basics, travel, hobbies
Savings & Debt	20%	TFSA/RRSP, emergency fund, extra debt payments, investments

In high-cost cities like Toronto and Vancouver, housing alone can consume 35–40% of take-home pay. That doesn't make budgeting impossible — it means you protect the savings portion even more carefully.

TJ'S TAKE

The numbers are a guide, not a law. I've worked with clients in Toronto whose rent alone was 40% of their income. Budgeting isn't hopeless — it means you work with what you have and optimize the controllable categories.

4. Building an Emergency Fund

An emergency fund is 3–6 months of living expenses held in a liquid, accessible High Interest Savings Account (HISA). It is the most important financial buffer you can build.

Situation	Recommended Fund	Notes
Single income, stable job	3–4 months	Lower end if job is very secure
Two stable incomes	3 months	Two incomes reduce individual vulnerability
Single income, variable/self-employed	6 months	Income variability demands a larger buffer
Single parent	6+ months	Greater financial responsibility on one person

QUICK WIN

Open a separate HISA at EQ Bank (typically 4–5% interest) labeled "Emergency Fund". Auto-transfer $100–$500 per month until you reach your target. Never touch it except for genuine emergencies.

5. Tackling Debt While Building Savings

Debt Type	Typical Rate	Priority
Credit card balance	19–29%	Pay off aggressively — guaranteed 19–29% return
Personal loan	8–18%	Pay more than minimum; prioritize over investing
Car loan	5–9%	Meet payments; investing may earn comparable returns
Student loan	6–10%	Pay minimum; invest in parallel especially with employer match
Mortgage	5–7%	Meet payments; invest for retirement simultaneously

General rule: pay off any debt above 7–8% aggressively — it is almost impossible to reliably earn more than that through investing. Below 7%, there is an argument for investing in parallel, especially in tax-sheltered accounts.

6. Budgeting at Different Life Stages

Early Career (20s)

Avoid lifestyle inflation as income grows — keep saving rate ahead of spending rate.

Build a $1,000 starter emergency fund before anything else — prevents most debt spirals.

Eliminate high-interest debt (student loans, credit cards) as priority #1.

Open TFSA — small early contributions compound powerfully over decades.

Family Building (30s)

Budget for childcare costs before having children — they are substantial.

Open RESP and capture the 20% government grant (CESG) every year.

Review life and disability insurance — you now have people depending on you.

Peak Earning Years (40s–50s)

Accelerate retirement savings — income is higher, expenses may ease as kids grow.

Maximize RRSP contributions — the tax deduction is worth most here.

Consider extra mortgage lump sum payments to accelerate payoff.

Approaching Retirement (55–65)

Gradually shift investments toward more conservative allocations.

Model your CPP and OAS projections — understand the delay strategy.

Build a spending plan for retirement before you stop working.

Your Budget Blueprint Action Plan

1. Calculate your exact monthly take-home income — use real numbers, not estimates.

2. Pull 30 days of transactions and categorize every expense to find where money leaks.

3. Cancel subscriptions you haven't used in the last 60 days — do this this week.

4. Choose a budgeting method and start this month — done is better than perfect.

5. Open a separate HISA and begin building a 3–6 month emergency fund.

6. List every debt with its balance, minimum payment, and interest rate — then prioritize.

7. Set up at least one automatic savings transfer on every payday.

8. Open or top up your TFSA — the most flexible, tax-free savings tool available to you.

9. Review your budget quarterly — life changes, and your budget should adjust with it.

10. Book a session with TJ to build a plan specific to your situation and goals.

About Your Guide

TJ Tijani is a Canadian financial educator working with newcomers, young professionals, and families across Canada. His approach is straightforward: take complicated money topics and explain them in plain language that actually sticks.

TJ started WealthPath by TJ after seeing firsthand how many people were making costly decisions simply because no one had ever explained how the Canadian financial system works in a way that made sense. His sessions are built around the client's reality, not a script.

He covers topics ranging from budgeting and debt to tax efficiency, insurance, and retirement — always with education at the centre.

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