



Tips for Living on an Irregular Income

An uncertain or fluctuating income can be a financial roller coaster: exhilarating peaks and daunting valleys. Whether your income is based around commission sales, seasonal employment, hourly wages, self-employment or overtime, the key to a roller coaster income is creating a consistent budget.

1. Calculate your income

- Track your income for a period of 6 – 12 months
- Divide the dollar amount by the number of months to get your average monthly salary
- Lower your monthly average by 10% to allow for a safety net

2. Pay yourself first

- Start by opening two bank accounts: an **income account** and a **working account**
- Put all paycheques and other earnings into the income account
- Using the amount calculated in step one and transfer your average monthly salary into your working account
- Allow your income account to grow during the busy months so you can always afford to pay your salary in the slow months

3. Create two spending plans

- Use the first spending plan to cover your basic monthly needs such as housing, utilities, food, transportation, debt payments
- Build your second spending plan to pay for your annual, irregular, and other monthly expenses like clothing, gifts, school fees, and entertainment
- Include your basic needs outlined in the first spending plan in your second spending plan to be certain all bills get paid
- Always base your spending plans on your lean months' income as a precaution if work slows down unexpectedly





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4. Use regular income for regular expenses

- Split your expenses into two categories: regular (essential) expenses and irregular (occasional) expenses
- If there is a fluctuating income and a consistent income in your household, use the consistent income to pay for the regular expenses. Use the fluctuating income to cover the irregular expenses
- Keep in mind that you may need some of the fluctuating income to pay monthly expenses as well

5. Finding a regular source of income

- Research your options for a consistent source of income, such as a second job with a guaranteed monthly income or switching to another company or field for the comfort of a consistent salary
- Make sure the costs of another job – taxes, transportation, child care, meals – don't outweigh the added income

6. Expect the unexpected

- Taxes – you may be responsible for your own income tax deductions. Make sure you account for these in your spending plan as a quarterly expense. Consult the Canada Revenue Agency or a tax accountant for more information
- Business Costs – include all business costs that you are responsible for
- Save for yearly expenses – have an emergency fund category in your spending plan to save for vehicle repairs, home repairs and other unexpected costs that may arise
- You can put savings in a separate savings account, buy Canada Savings Bonds, or in a secure mutual fund with access to the money within 24 hours

Many people with fluctuating income earn a comfortable amount of money. It's important to understand how to manage the roller coaster to get the most enjoyment out of the job.

