

Creating a Healthy Financial Life

The January Issue of the Chief Learning Officer magazine states that *Financial Education Could be the New Employee Assistance*. It says 70% of Americans live paycheck to paycheck and USA Today cites concern about personal finances as the number one cause of stress on the job. Does this resonate with you?

Are you ready to create a healthy financial life for yourself and your family? You don't have to do everything all at once. It's really all about taking one step at a time. But, if you don't take the first step you'll never reach your goal. And, everyone's goals are different. The goals I have today are much different than the goals I had when I began getting my financial act together. What's most important is to get started and get started today because time is not our friend when we procrastinate. I'm going to share a few steps with you:

Get Organized – Begin by organizing your financial clutter. Organizing your financial records helps you determine how much money you have and how much you owe. Simply taking this first step will give you a sense of freedom, power and accomplishment.

Get in Touch with Your Spending -- We're a nation of spenders and we spend unconsciously for all kinds of reasons. Track your spending for at least two weeks. Write down everything you buy, whether you use cash, check, debit card or credit card. Use a blank checkbook register or small notebook. At the end of the time review your expenditures to see where your money's been going. My prediction is you'll discover dollar dribbling—things you're spending more on than you thought. Simply writing it down will probably prompt you to spend ten to twenty percent less.

Get Out of Credit Card Debt – No one wants to admit they've got credit card debt although the average household with one credit card has \$9,300 in debt. It's really not hard to rack it up, but it's a lot harder to get out from under the weight of debt. One of the first things you can do is stop using your credit cards. Begin by putting your credit cards in a tin can, fill it with water and freeze it. Why? You can't microwave a tin can. If you must carry a credit card for emergency purposes, wrap a piece of red paper around the card and write EMERGENCY on it. This will make you stop and think when you're getting ready to buy a new purse that's not really an emergency. The next step is to call your creditors to request a lower interest rate. I recommend you call early in the day in the middle of the week because there are fewer people calling. And, make sure you have a smile on your face and be polite.

Get Clear About Your Credit Report and Score -- Your credit report and score are your financial report card. They are as important to you as SAT scores are to high school students. You can request your credit report free every 12 months from the three major credit reporting agencies -- Equifax, Experian and TransUnion. Visit www.annualcreditreport.com . According to MyFICO.com a 30-year fixed mortgage on a \$300,000 loan is 5.942% (\$1,787 monthly mortgage) for a person with a credit score of 760 – 850. However, the interest rate for a credit score of 500 – 579 is 10.195% and the monthly mortgage is \$2,676. That's \$889 more a month and it's all due to a lower credit score.

Get Prepared for the Unexpected – Approximately 70% of Americans don't have a will, even though having a will ensures your desires are documented. It's a fairly simple document to create and it

protects your loved ones. It ensures your assets are given to your family or other beneficiaries based on your wishes. It's particularly important if you've been married more than once and either spouse has children from a previous marriage. What about long-term care insurance? It's not just for older people it's for people of all ages. Long-term care insurance provides assistance for a person who needs help with her physical or emotional needs over an extended period of time. A common myth is that Medicare will provide indefinite coverage. This simply is not true.

If you're ready to get your financial act together and want to know all the steps I encourage you to read my new book *The Money Therapist: A Woman's Guide to Creating a Healthy Financial Life* (Seal Press). It's packed full of information, tips, tools, resources and steps to get financially healthy.

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