

Financial Health 101

Spring 2013

by Kimerly Austin, LCSW

We hear that the economy continues to make a steady recovery but sometimes it sure doesn't seem that way to many of us. Things are as expensive as ever and many people have difficulty making ends meet. You have probably heard friends, family members, and co-workers voice similar sentiments, "the cost to heat my home is unbelievable," "my paycheck is gone before I know it," "every time I turn around, there is a new expense!" Not to mention the fact that we get bombarded daily with powerful messages about money.

So, it's not surprising that when it comes to money, people often believe that things are out of their control. And some things are; that early frost that makes the cost of citrus out of sight, the rise in gas prices, or the increase in insurance premiums.

However, there are some things that we can control--first and foremost, our own approach to finances. Now this may be the point in the article where a) your eyes start to glaze over, b) you find yourself suddenly *fascinated* as you listen to your co-worker telling the story (for the 10th time!) of his cat's trip to the vet, or c) your heart starts beating out of your chest at the thought of really looking at your finances.

Avoidance is one of the most common responses to money issues and, not surprisingly, one of the most damaging because what you don't look at, you can't see or change. If you are trying to navigate a room with no light, you are bound to bump into something painful and, possibly damaging. It's the same with finances.

Budgeting is not particularly fun (for most of us), often because we are fearful of what we will find and because we want what we want when we want it. And what we find may be difficult or it may not but, either way, it can be a guidepost to lead us in a better direction. **Attitude** is important here--remember those old standbys, "knowledge is power" and "the truth will set you free." So find a quiet moment, take a few *deep* breaths and take a look.

What Are the **Steps** to Creating and Sticking to a Budget?

- 1) Do a *realistic* assessment of how much money comes in and how much money you spend.
- 2) Start by listing your income from all sources (employment, investments, rentals, alimony or child support, EVERYTHING).
- 3) Then, list your "fixed" expenses – those that are the same each month – such as your mortgage payments or rent, car payments, utilities, insurance premiums, etc.
- 4) Next, list the expenses that vary ("variable" expenses), such as entertainment, groceries, credit cards, recreation, clothing, etc.

Writing down **all** your expenses – even those that **seem** insignificant – is a helpful way to track your spending patterns, identify the expenses that are necessary, and **prioritize** the rest. A goal is to make sure you can make ends meet on the basics: housing, food, health care, insurance, education, etc.

- 5) Total your monthly income and monthly expenses to see how they compare.
- 6) Now identify your financial goals.
- 7) What are the steps to get from here to those goals? (For example, if your expenses are higher than your income, what are some variable expense amounts where you can make some cuts?)
- 8) What are the wants vs. the needs?
- 9) Identify where and why you tend to overspend. What are your triggers? What needs to change so that you don't get triggered?
- 10) Review your budget monthly to avoid "drift".

Feeling too overwhelmed?

Perhaps you want to get your finances in order but are still feeling too overwhelmed to even think about it? There are many factors, including psychological ones, that can impact our ability to address our financial concerns. Sometimes it can be helpful to ask ourselves what other beliefs may be impacting our attitudes and approach to money matters; whether it is budgeting or spending:

- Do you think of looking at or discussing money as always leading to conflict or arguing because that is how it was when you were growing up?
- Do you worry you will have to "give up" a shopping habit or something that "makes you feel good"?
- Do you and your partner lack the communication skills to talk about difficult topics like money?
- Is money ---having it or not having it--- tied to your self-confidence? (A big concern in this society)
- Do you just feel so anxious and aren't even sure why but it's getting in the way?

If you answered yes to any of these, it may be worthwhile to contact EAP and meet with a counselor to see if there are psychological or other stressors getting in the way of your financial health. Call EAP at 1-800-769-9819. Or if you just need someone to sit down with you and go through your finances and budgeting you can contact the Institute for Financial Literacy: <http://www.financiallit.org>, 1-866-662-4932 for financial counseling to look at your budget and help you problem-solve.

Getting Further Assistance

So, you've taken the leap and put together a budget (Congratulations) and you've trimmed some of the "wants" —e.g. I love lattes but I don't "need" them (Good for you!) but, you are still struggling to make it all work. Here are some resources that might be able to provide assistance:

United Way's 2-1-1: www.211.org provides free and confidential information and referral. Call 2-1-1 for help with food, housing, employment, health care, counseling and more.

American Consumer Credit Counseling (ACCC):
1-800-769-3571, www.consumercredit.com; a non-profit (501) (c) (3) organization, offering confidential consumer credit counseling services, debt management and financial education to consumers nationwide.

Child-Care Subsidy Hotline: (800) 424-2246 When daycare costs are too high, there is help. The National Association of Child Care Resources is a federally funded agency. They provide helpful information about assistance in your local area. They will help you find all options for child care payment assistance programs.

Mortgage Payment Assistance: (800) 750-8956 For families falling behind on mortgage payments, this national agency will work with your mortgage company to arrange a workout plan to catch up on missed payments. Housing counselors will discuss all options available to avoid foreclosure. Agency does not make loans or buy property.

Debt Relief Hotline: (800) 291-1042 For families struggling with credit card debt, (typically over \$10,000); relief is available. This national agency will contact your creditors, reduce payments, interest, and even principal amounts owed. Harassing collection calls will stop.

Free Bankruptcy Advice: (800) 379-0985 Families who cannot use other debt solutions may need to speak with an attorney. The nation's largest consumer law firm has made this hotline available. You may call for a free conversation to discuss whether debt relief under bankruptcy makes sense for you.

Discount Prescriptions: (800) 291-1206 Families can save between 20% and 40% on their prescription medications. No exam needed.

Budget: A mathematical confirmation of your suspicions.

- AA Latimer



EAP Can Help!

Your EAP is a confidential, assessment, short-term counseling and referral program for you and your family members. It is a free benefit provided to you by your organization.

1.800.769.9819 ~ TTY dial 711 for TRS then dial 800.769.9819

Online Work/Life Services

If your organization offers Online Work/Life Services, visit our 24-hour internet resource for information, advice and support on a wide variety of issues. Contact your human resources department for a company code then check our Work/Life Services at www.affiliatedeap.com

