



ATTENTIVE  
HEALTH

# are you fiscally fit?

GETTING IN SHAPE ON THE PATH TO FINANCIAL WELLNESS

While you may not always think of it this way, it turns out that our personal financial health practices affect our individual health status (Hunnicuttt, 2009). Wise management of finances can be a source of peace and well-being leading to good health, and similarly: poor financial management can be directly linked to an increase in stress-related health problems. And these days, those stressors are at an all-time high. According to a report by released in early February 2011 by CareOne Debt Relief Service, the average American retains over \$10,000 of debt. And [www.uscourts.gov](http://www.uscourts.gov) reports that in March 2011, cases of bankruptcy in the U.S. had reached a new high of 1.57 million cases, up 2.6% from the previous year.

So if money matters so much to personal health, what can we do to reorder our finances and get fiscally fit?

## 10 ESSENTIAL STEPS TO FISCAL FITNESS:

- ◎ **live beneath your means**. This is the first rule to establishing financial independence. It may require some sacrifice and creativity, but living *beneath* your means will free you from always being one breath short of drowning in debt.

The following are just a few ways to help ensure that you'll have more cash at the end of the month:

- ▶ shop around and purchase sale-only items
- ▶ buy used instead of new: clothes, furniture, cars, home furnishings. browse flea markets, yard sales, thrift stores, and consignment shops for great alternatives
- ▶ have patience and save for what you want—firmly resist impulse buying
- ▶ make gifts instead of buying—your friends and family will appreciate the personal touch
- ▶ remember your coupons—even Bill Gates remembers his!
- ▶ schedule movie night—*in*—try renting DVDs instead—and don't forget the popcorn!
- ▶ plan to eat most dinners at home—getting creative and cooking meals from scratch can save tons of money and you just might discover a new enjoyable interest in the process

A great rule of thumb before making a purchase is to ask yourself, "Do I *absolutely* need this, or can I live without it?" This will help you to cut back on unnecessary purchases you can truly afford to live without.

- ◎ **always pay yourself first**. By making yourself the first "creditor" paid and putting away some savings every paycheck, you'll develop solid saving habits that will help you reach your long-term goals. You may think you can't afford to do this, but in reality you can't afford *not* to. If you never take the leap of faith and try it, it is certain that you'll never save a penny. Some financial experts suggest saving 25% out of each paycheck. If you feel this is impossible, try starting at 10% and work your way up as you adjust your financial lifestyle. Make it a goal to save up at least \$1000 as an "emergency fund" BEFORE working on paying down your debt. That way, the next emergency won't wipe you out.

- ◎ **pay off your credit cards.** Credit cards are usually the most expensive form of debt. Carrying a balance from month to month for years can cost untold hundreds or thousands of dollars in interest. Always commit to paying more than the “minimum required.” The faster you pay down your debt, the less interest you will pay. Once your debt is under control, make it a habit to only charge the amount for which you know you have available funds to cover the bill. In the long run, this will save you the added stress that comes with being in debt, and you’ll have more to save or invest.
- ◎ **save six months living expenses.** If you are not used to saving at all, this will take patience and persistence, but it truly is critical to “save for a rainy day.” For most people, six months of living expenses will provide an adequate cushion to weather most unexpected financial storms.
- ◎ **make a will.** This is an essential step for all adults, especially those with dependents. There is not much worse than experiencing the unexpected death of a loved one, and then realizing no forward planning was made to care for remaining dependent family members. In addition, you will want to avoid unnecessary legal headaches that come with settling an estate that was not planned out ahead.
- ◎ **seek wise counsel!** Most of the time we can take full responsibility for our fiscal shortcomings, but there are unanticipated events that arise in life, such as a sudden illness, which are just beyond our control. Whether our financial difficulty is due to our own poor habits, or a situation we cannot control, the best thing to do is face it. Rather than retreat in shame and despair while things get worse, try to understand that most of us have experienced something similar, and know that there is no shame in reaching out for help. When looking for the right help, make sure to consider the service of a **fee-only** financial planner, who is truly interested in helping you establish a *lifelong* financial plan.
- ◎ **fund company-sponsored savings plans.** Employer-sponsored retirement savings plans are useful for employees because it presents them with an automatic savings device, provides tax breaks and, in some cases, offers free money in terms of employers matching the employee's contributions.
- ◎ **plan major expenditures.** Whether you want to purchase a home, look for a new car, or send your daughter to college, a little planning goes a long way. Do your homework and figure cost and affordability. Then make a weekly, monthly, or yearly plan in order to attain your goal. The satisfaction gained through the success of wise planning is completely worth any effort you may initially put into the task.
- ◎ **educate yourself.** If you are serious about becoming fiscally fit, consider reading financial publications and taking a course on basic financial management or investing. A little time and study invested will pay huge dividends in the future. Community colleges are normally less expensive than other colleges, and often offer excellent courses on personal finance topics.
- ◎ **review progress.** Finally, take time to review your progress. Each year, list the value of what you own (assets) and what you owe (liabilities). The difference between the two numbers is your financial net worth. Save this list, date it, and compare it to your current year’s progress. You’ll be amazed at how much difference a year makes in your finances.

sources:

"10 Essential Steps to Financial Wellness," Jeff Rubleski, WELCOA'S Online Financial Bulletin, [www.welcoa.org](http://www.welcoa.org)  
 "Mastering Your Debt," Jeff Rubleski, WELCOA'S Online Financial Bulletin, [www.welcoa.org](http://www.welcoa.org)  
 "Deficit Disease: Illness and Personal Finance," D. Hunnicutt, 2009, Absolute Advantage Magazine