



A PLAN for Change: How to Withstand a Financial Storm on the Horizon

Wouldn't it be nice to adapt to change easily and gracefully? To offset the wallet-shock an unexpected life change can bring? You can. Whether you have one year or one week to adjust to such monetary upheavals as marriage, divorce, a growing family, or military deployment, you can sail through financial foul weather – as long as you PLAN for it.

Prepare: This first step will help you understand how much money you have to work with. This is crucial information when putting together a practical strategy for the future. If you don't already have your financial documents in one place, it may require a little hunting and gathering (and once you do, keep them accessible, be it on your computer or in a folder in a corner of the kitchen. Be and remain organized for the next inevitable change). You will need recent bank and credit card statements for account balances, current loan papers, pay stubs with income, tax, and deduction information, and your checkbook register for household bill information.

Have it all together? Good. Now carefully examine and notate your current income, expenses, assets and liabilities. You will need all this data for the next step in your PLAN...

Learn: Ignorance is not bliss! Learn how this event will alter the way you currently spend and save. If there will be additional or increased expenses, you will need to be acutely aware of their type and cost. More gas for a longer commute? Diapers or daycare for a baby? The last thing you want is to be hit with a big, unexpected expenditure after you've worked out a feasible money management plan.

PREPARE LEARN ACT NETWORK

To know how the change will affect the numbers in your financial picture, you may need to conduct some research. Fortunately, there is an abundance of free to cheap (yet high-quality) information available. Websites, books, magazines, friends and family members who have experienced what you are about to go through are all useful sources to tap. Contact your financial institution for

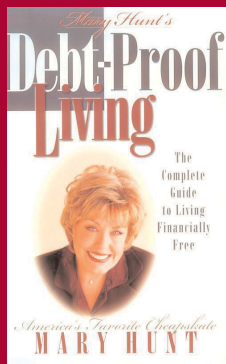
ideas and options. If you are in the military and are facing deployment, be sure to investigate the plethora of programs that are specific to your needs and situation.

Often a life change will inspire new goals. You may want to start an educational IRA to fund your child's college tuition, or save for a down payment on a home. Take the time to assess long-term objectives and figure out how much it will take to achieve them. They too will have to be factored into your newfangled budget.

Act: Now you need to put your PLAN into action. Because you have completed the first two steps, you should have everything necessary to smoothly transition from old to new. Plug the revised numbers into your budget. Are you over or under? You may have to modify spending habits, reduce expenses, or even sell assets to meet the needs of the pending change in circumstance. Other action items may include opening a savings or investment account, adjusting tax deductions or exemptions, obtaining or modifying insurance coverage, or meeting with a financial professional for long-term planning.

Resist inertia – sitting around hoping things get done is tempting but self-

Recommended Reading



Debt-Proof Living by Mary Kate Broadman & Holman Publishers
December 20, 1999

There is no shortage of personal finance “gurus” these days, but few of them have had the real life personal experiences Mary Hunt has. She is the “average American” who was a credit card addict – then switched gears to live within her means and succeed in spades. In her book *Debt Proof Living*, Hunt covers all the money management basics without burdening the reader with extraneous detail. Much of her advice is sheer practicality: making saving a priority, paying off expensive consumer debt, opting for affordable used cars rather than expensive new ones, buying a home and gaining equity vs. renting, and being properly covered with insurance. She has the zeal of the reformed, and gives good, solid advice without being pedantic. *Debt Proof Living* won’t collect dust on your nightstand. Recommended for those who want a book that motivates as well as educates.

destructive. All the knowledge and assistance in the world won’t help if you don’t get started on what you need to do.

Network: Finally, reach out and connect with those who are, or have been, in the same position as you will be. The impending financial predicament may be new to you, but there are scores of people out there who have weathered the storm and come out dry. They can provide you with not just information, tools, and ideas, but also the support you need to be successful with even the most

challenging of changes. Ask people in your familial and social circle for suggestions and connections, contact your employee assistance program for free programs and services, log onto online forums and chat rooms. You may be surprised by how enthusiastic others are to share their wisdom and encouragement.

Remember, change isn’t a matter of “if” – it’s when and how. Think of it as an opportunity to grow and be self-sufficient under even the most daunting of financial conditions. You can do it. It just takes a good PLAN.

Top 10 budget changes that can save you \$500 per month

Item	Current	Amended	Savings
Stop smoking – one \$4 pack a day	\$120	\$0	\$120
Change cable package from premium to basic	\$80	\$20	\$60
Skip the in-store café latte and make your own – \$2.75 five times a week compared to \$7 a pound ground coffee twice a month and \$3 gallon of milk	\$55	\$17	\$38
Cancel gym membership and work out at home – \$50 one time cost for dumbbells and video tapes	\$40	\$4	\$36
Exchange your cell phone for a pager	\$50	\$5	\$45
Switch from bottled water to tap water – one \$1, 1.5 liter bottle per day compared with free water	\$30	\$0	\$30
Replace restaurant deserts with candy bars – four \$5 slices of cake compared with four .75 chocolate bars	\$20	\$3	\$17
Exchange going out for dinner with going out for breakfast – two average dinners at a restaurant: \$40 compared with two breakfasts at a restaurant: \$15	\$40	\$15	\$25
Pay your credit cards on time – eliminate one \$29 late fee per month	\$29	\$0	\$29
Vow to avoid impulse purchases – the average consumer “loses” about \$100 per month on unintended purchases	\$100	\$0	\$100