

The Daily Union

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Title: Time for a Financial Check-Up!

Money is not traditionally identified as a basic human need. There is no doubt that we must have food, shelter, and clothing in order to survive and exist as human beings. However, we can't overlook how important our financial resources are in order to meet those basic needs. Food, shelter, and clothing must come from somewhere and we typically have to buy those basic needs with the money we earn.

In a recent article published by Fortune magazine, it was stated that 40% of Americans are only one paycheck away from poverty. Even with that knowledge, you may still think you are in good shape. Nevertheless, what if there was a crisis in your family – an unexpected and extreme expense falls into your lap. Can you still say you are safe from financial ruin?

The Financial Literacy and Education Commission (FLEC) and the Ready Campaign are joining forces to raise awareness and educate consumers about the actions they need to take to improve their financial futures and be prepared for when disaster strikes. Through their National Financial Capability Month (April) promotion they are working to build grass roots connections to help U.S. citizens use a spring cleaning attitude to clean up their finances.

To help you get started, consider setting aside time for a "check-up" to determine the state of your financial well-being. The Consumer Financial Protection Bureau (CFPB) explains that financial well-being "describes a condition wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and is able to make choices that allow them to enjoy life." The CFPB offers an online self-check quiz to help you measure your financial wellbeing. The short quiz can help you see where your financial strengths and shortcomings are and give you ideas for "next steps" based on your individual responses. You can find the quiz at: <https://www.consumerfinance.gov/consumer-tools/financial-well-being>.

With your results, you can see how you compare to others in your age group as well as identify where your personal financial well-being score falls on a score of 1 – 100. If you find your score to be "in the green", then you are moderately to highly healthy in the context of financial well-being. However, you will see that the scores that are a drab green warrant careful watching and those that are orange or red indicate trouble!

For the here and now financial options, start with building a budget. Account for every penny you spend and find out where the financial "bleeding" is occurring in your cash flow. Is it the drive-thru coffee shop you stop at each morning on your way to work or is it overspending at the store when you see the words "sale" or "clearance"? Perhaps you like to play the lottery or forget to pack your lunch each day. Knowing where your money goes each day, week, and month is a critical first step to financial well-being.

What does your debt load look like? Are you able to pay off your credit cards each month? Do you owe more on your automobile than its fair market value? Do you have medical debt from a previous family emergency? How can you pare down your debt to improve your financial health? Pay more than the minimum payment on your car loan is one option. Don't charge purchases to your credit card that you can't pay for when your card payment is due. When tempted to purchase something, regardless of how you pay for it, put a lot of thought in to whether it is a want or a need. Ask yourself "Can I live without this item?" Needs are required to survive while wants are the fun extras we desire in life. Questioning each purchase can help you limit the amount of "want" items you purchase. When you go into debt for wants, you are putting yourself in danger of acquiring a chronic financial health disease such as landing in debt collection or bankruptcy.

If you find your financial health is damaged by a history of purchasing too many wants, you can turn the corner and move in a new direction by developing the habit of saving and limiting your purchases to needs, alone. You can take small steps toward saving to help you get started. For example, put all your loose change in a savings account, limit spending for birthday, wedding or other gifts, do your homework on the cost of your necessary items such as food, transportation, and insurance. You can look online, check the ads, and keep a list of your staples and note the best place to buy them. Another quick and simple trick for saving regularly is to ask your bank or credit union to automatically transfer funds each month from your checking to your savings account. If you don't see it, you are less likely to spend it.

Take a little time this month to polish your financial plans and practices and work toward getting a clean bill of health when it comes to your financial well-being. Until next time, keep living resourcefully!