

Tangible Solutions

Financial Information to Meet Your Needs

Introduction

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Many of my clients are seeking useful information to help them make educated decisions on financial matters. Each issue we will focus on a specific topic and provide pertinent information which I believe that you will find valuable. If you have a suggestion for a future topic or concern, please let me know. I look forward to your input and feedback.
- Sandy Voit, Publisher, *Tangible Solutions*

TAKING CONTROL OF YOUR PERSONAL FINANCES

I often hear from clients that there are either too many, and sometimes not enough, choices when it comes to controlling their financial situation. An analogy might be made with wanting to lose weight. Basically you could reduce your calorie intake (dieting), or you could increase the calories your burn (exercise), or some combination. The same is true with money – look for ways to get more, spend less, or both.

Following are some options you might want to consider to help impact – positively – your financial situation:

Controlling How Much I Earn:

In most divorces the total income of both spouses usually doesn't increase much at all – it might decrease if performance/productivity is diminished because of increased childcare responsibilities, or the stress of divorce.

Not all of these options may be applicable to you, but even if one or two does, it ought to increase your income...

- Ask your supervisor about a pay raise.
- Consider changing jobs
- Consider enrolling in a program to improve your skills (your employer might both pick up the costs, plus pay for your time to do so)
- Rent out an empty bedroom (or two)
- Turn your hobby into a second job
- Sell unneeded items on e-Bay or garage sale
- House sit, pet sit, provide child care (especially if you still have young children at home)

Controlling How Much I Spend:

Managing to live within one's income can be done. Often it is easier to control what you spend than it is to increase the amount of income you receive. The first step is to develop a budget. It requires research to see what you have spent on different categories, but you can use your credit card receipts, checkbook register, and saved receipts to inform you of how you have spent your money in the past year. By estimating how much you have spent before in each category, you have a starting point as to how much you estimate you will spend in the coming year.

When you total up your estimates for the coming year and compare it to your estimated income, you will see if you need to adjust your spending in order to live within your income. If there is income left over, you can earmark an amount for a future expenditure, or invest the money for the future.

Either way, even with a budget, you can identify ways to save additional money which can be used to meet your long-term goals (retirement, college fund, etc.) and short-term goals (vacation, car, computer, etc.).

Below are some suggestions to help you reduce your expenses:

- Instead of buying a latte every day, bring in a thermos of coffee.
- Consider food shopping at Grocery Outlets, Stupid Prices, and other similar stores for discounted items.
- Consider shopping at consignment stores, garage sales, thrift stores, etc. You can find items with little wear and tear for less than half (sometimes only one-tenth) of what it sells for retail. Use coupons.

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- Turn the air conditioner off, or set it at a warmer temperature. Install a whole house fan. . .
- Use a programmable thermostat (if you don't have one it probably costs less than \$100) to automatically turn on the heat 30 minutes before you get up and turns it off before you leave the house for the day, turns it on just before you return home, and turns it off about an half hour before going to bed.
- Carpool to work. Or join a van pool. Or take the bus to work. (Some employers subsidize bus passes). Not only will it save you money on gas and parking, but you will have time to read while on the bus, etc.
- Bring your lunch to work, or send lunch with your kids to school, instead of buying lunch.
- If you drink sodas, bring a can from home instead of from a vending machine.
- Check internet sites for saving money (www.mommysavers.com, www.retailmenot.com, or just "Google" for what you are seeking, etc.

Controlling My Debt

Debt is not the same as an expense. Expenses are required for food, rent/mortgage, utilities, gas/bus fare, insurance, clothes, etc. Debt is for something you want. You don't need to own a house, you can rent. Buying a new car usually means debt – borrowing the money to pay the dealer for a new car, then paying interest every month on top of the cost of the car. You don't need to own a new car – you can buy a used vehicle (the first couple years the depreciation – the value that diminishes the worth of the car – is the biggest "expense" of owning a new car) and then make "car payments" to your own separate bank account so that when you need another car, you have already saved the money to do so. That is intelligent saving.

You can substitute any other item in the place of a new car, and the process still works the same way. You may have to save longer for higher-cost items, but in the end the payoff is far greater than the amount of interest you would be paying. This is how you can control your debt.

Debt for consumer spending is one of the reasons for the problems our economy is experiencing today. Too many people wanted too many things that they really couldn't afford. And the lenders knew that their borrowers couldn't afford the debt. Both lenders and consumers gambled and we all lost. Let's not repeat history. . .

Controlling Outside Forces (Interest Rates, Stock Market, Prices, Weather)

This is really an "optical illusion". We don't control interest rates. We can wait for interest rates to change. We can't control the stock market. We can decide not to panic when our stocks go down. We can't control the price of milk. We can shop around for the best prices. We can't control our economic system, or housing market, or the weather. We can control where we buy a house and when we sell it. We can choose what bank we use and where to find the best interest rates. And we have rain jackets and umbrellas in case it rains. . .

Needing to be Responsible

No one makes you spend money or go into debt. These are our personal choices. The media and credit card companies make having it all seem like our alienable right to spend the money we don't have to buy things we may not even need. It is normal to want nice things, and it is acceptable in our society to go into debt. Is this the legacy we want to leave our children? Each preceding generation saw to it that their children had a better life. Today, according to a recent poll, less than half of us believe our children will live better than we do. Our grandparents are rolling over in their graves. . .

If we step up and accept our personal financial responsibilities and stop our debt cycle, we can make a better world for us, and, if we teach it to our children, we can offer them that possibility of living better. But we have to all stop living beyond our means. We need to start saving for what we want. It may be "easier" to buy on credit, but the cost is crippling. The savings payoff for all of us is phenomenal if we can get back to saving again.

End Note: Thank you for taking the time to read this article. I hope you have found it useful. If you have any questions or concerns about this topic, or any other topic, please contact **Sandy Voit**, Tangible Solutions, 206-890-1174, or sandyvoit@gmail.com.