

Managing Your Money in Tough Times

SupportLinc Employee Assistance Program (EAP)

Penn State Health



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Objectives

This training is designed to help you:

- Make it a family affair
- Do an annual credit check
- Reduce your debt
- Look at your spending
- Reset goals
- Play catch-up
- Consider other income sources
- Super saving ideas

Where do you start?

- Relax
- Motivate yourself to go forward
- Stay positive
- Assess where you really are
- Does your plan still make sense?
- Take all your financial statements and see what you have

Make it family affair

- Tough economic times take a toll on families
- Strengthen communication and cooperation by having a family money meeting
- Discuss how everyone can chip in to make things easier
- Don't create fear in children but let them be involved in decision making and coming up with solutions
- Let your relatives know you are tightening purse strings and enlist their help by replacing expensive gifts with practical ones

Annual credit check

- Check your credit for free at least once a year
- Request all 3 reports
 - Experian
 - Equifax
 - Trans Union
- Correct wrong information
- Decide if closing inactive accounts makes sense
- If there is a negative rating on your credit report, call the creditor and see what you can do to remedy it
- In a tough financial climate, bad credit in one area will affect your good credit when things get tough

What is a FICO score?

- Fair Isaac Corporation (FICO)
- Prior to Fair Isaac credit was given out randomly, selectively and there was often discrimination
- Developed a statistical equation to make it as fair and non-discriminatory as possible
- FICO scores are used by 90% of lenders
- Your credit score will be between 300 and 850
- The higher the better

Factors that can affect your score: part one

- FICO 9 uses more factors than previous FICO scores
- The minimum scoring criteria is 1 credit account open for 6 months and 1 credit account used in the last 6 months
- Inquiries are now tracked for a twelve-month period
- Credit card information counts more than an installment loan
- Using 30% of available credit is good
- Using 20% will be considered better
- How long has each account been opened?
- 0 - 23 months has a higher risk than accounts opened 24 - 60 months



Factors that can affect your score: part two

- If you only have collections on your report, you will have no score
- All paid third-party collection agency accounts are excluded from FICO 9
- Inquiries for consumer, mortgage, and auto installment loans made within 30 days have no effect.
- Your score will be lowered if there is no activity for a 6-month period
- If you are using more than 30% of available credit this will factor into lowering your score

Factors that can affect your score: part three

- Pursuit of new credit, including the number of new accounts, can cause your score to be lowered
- A recent delinquency of 0 - 11 months affects your score more than an older one of 12 - 24 months
- If you are a new borrower, more inquiries lower your score
- Young files will be affected by inquiries more than mature or older files
- An inquiry from a landlord is now considered a hard inquiry; it used to be considered a soft inquiry
- There are multiple FICO scores; you need to ask the lender which one they use



Reduce your debt

Are you really saving?

- You have been faithfully putting away money in a savings account each month that earns 2% interest
- You have saved \$5,000
- You have charged \$5,000 on your credit cards
- The interest rate is 22%
- You are making the minimum payments each month





Look at your spending

- Know where every penny you spend goes
- Do not use cash or debit cards unless you have given yourself an allowance for small purchases – once it's gone it's gone
- Find ways to cut back on your spending
- Watch out for impulse buys
- Hide credit cards if you don't have willpower
- Consolidate your bill paying with an online service to make tracking easier

Look at your deductions

- Look at tax withholding
- If you are overpaying – readjust and save the difference
- Is your 401(k) at the max? Can you afford it?
- Are you getting the most bang for your health and life insurance dollars?
- Review all your policies to see if there are more cost-effective options
- As your automobile ages you may not need as much coverage

Be aware of financial changes

Best strategies for coping with rising costs or reduced income:

- Be prepared for rising prices on things you buy routinely like:
 - Gas – shop around for best prices and don't make unnecessary trips
 - Groceries – watch for items that increase in price; may have to change your buying habits
 - Clothing
- Eat out less often, cook more at home
- Learn how to ask for help from everyone and anyone
- Make every effort to keep yourself protected
- Be sure to check on eligibility for benefits or services for the unemployed



Reset goals



- When the economy turns and things tighten, some priorities and goals will have to be changed
- Set priorities – agree on what is important to your family
- Downsize vacations, luxuries and non-essentials
- Get rid of extra vehicles or memberships that are costly to maintain and don't give much return
- Do more family-centered activities
- Learn to shop smarter – waste less
- Become a do-it-yourselfer

Playing catch-up?

- Future plans rely on a certain return on your investments
- Current economic and market conditions are uncertain
- Will the market and your investments meet your financial goals?
- If not sufficiently, what options do you have?
- Increase your risk?
 - Most financial planners will tell you to reduce, not increase your risk as you age
- Modify your plans:
 - Rethink retirement, college plans, re-sizing or relocating to reduce your cost of living

Do you have a Certified Financial Planner (CFP)?

Consider other income

- If you have an interest, talent or hobby turn it into an income opportunity
- Get a part-time job to fill a gap
- Encourage children who are old enough to do small jobs to give them spending money
- Encourage grandparents to contribute to college accounts or savings instead of buying gifts



Super savers

- Get an automatic thermostat to lower heat when you are not home
- Replace old bulbs with compact fluorescents
- Consolidate car trips and errands to save gas
- Only shop with a list
- Look online for deals and coupons before you make purchases
- Recycle or sell items you no longer have a use for
- Have a garage sale
- Sell collectibles

Interactive toolkits

Mindfulness

www.mindfulness.tools

Practical tools and exercises for incorporating mindfulness into everyday life.

Meditation

www.meditate.tools

Easy-to-use collection of resources that includes guided meditations, tip sheets and more.

Resiliency

www.resiliency.tools

Skill development resources to help you 'bounce back' from challenging situations.

Sleep fitness

www.sleepfitness.tools

Information and resources to help you learn good sleep habits and achieve healthy sleep.

What is SupportLinc?

The SupportLinc Employee Assistance Program (EAP) is a health benefit, separate from your medical insurance, offered by your employer to help you manage life's daily challenges.

SupportLinc can refer you to professional counselors, services and resources that will help you and your eligible family members resolve a broad range of personal and work-related concerns.

What services are included?

Work-life benefits



Legal consultation

Free in-person or telephonic consultation with a licensed attorney

No employment law



Dependent care referrals

Expert referrals to child and adult/elder care providers, facilities and other resources



Financial consultation

Expert guidance and consultation from financial professionals



“Convenience” referrals

Guidance and referrals to a variety of daily living resources: home improvement, entertainment services, pet care, auto repair, wellness, travel, handymen, volunteer opportunities etc.



Identity theft consultation

Free consultation with an identity theft recovery professionals

Tailored recovery action plan

Getting started



Call: 1-888-881-LINC (5462)



QR Code:



Visit: www.supportlinc.com



Log in or create account
(code: psh)

SupportLinc

Support for everyday issues. Every day.

Additional resources

Money is a part of life every day. What you wear, what you eat, where you live, and the fun things you do are only a few of the money related decisions you make. For some people, having a million dollars wouldn't be enough to satisfy their wants. Millions of other people manage to pay their bills, save for the future and enjoy life while still living within their income. Managing money takes time and effort.

The way you spend or save money today will help determine what you have and whether you can pay your bills in 6 months, a year or many years from now. For example, if you spend your money as fast as it comes in, you may find yourself in debt when unplanned expenses occur. Do you have control over how you spend money? Can you live within your income—meeting expenses and putting some money into savings?

Budgeting is a way to get the most out of your dollars. It is not just about saving money, being a tightwad or doing without. Budgeting is about deciding where your money will go and making a spending and savings plan. No one is born with natural money management skills. You may have learned some money management skills from your family, but you may want to manage your money differently than your parents managed theirs. You also may have learned some of these skills at school or through life experiences. Developing good money management skills takes time, practice and patience.

If you run out of money before all the expenses are paid, you are not alone. While people work hard to earn an income, they often do not work at planning how that income will be spent. There are steps you can take to make a budget work for you.

Budgeting basics: getting started

Get organized:

- Get your bills and financial records together. Have a designated box, basket or file where bills are placed when they arrive. Open the bill and mark on the outside of the envelope the date the bill should be paid. If you are going to mail the payment (rather than pay it in person), the date noted should be 4 or 5 days before the due date (to allow the payment to arrive before the due date and avoid a late fee).
- After paying a bill, mark it "paid" and put it in a large envelope, box or file marked "paid bills." Keep receipts for cash payment of bills in the same place.

Track spending:

- Keep a folded sheet of paper or small notebook with you at all times to track all of the money you spend for 1 month.

Record spending:

- Record your spending on a budget expense work sheet, adding categories if necessary to fit your spending pattern.

Record all income:

- Be sure to account for taxes and count your net income, instead of your gross income.

Compare expenses to income:

- If your expenses are more than your income, look for what you can cut.
- Determine what expenses are absolutely necessary, such as housing, utilities and food.
- Decide which other expenses can be cut to meet the necessary expenses.
- Look for ways you can increase your income.

Additional resources

Make a budget (spending and savings plan) for next month:

- Fill in planned expenses and expected income on a budget sheet.
- As it is received, record income on an income sheet and monthly calendar.
- As bills arrive, list them on the monthly calendar on the date they should be paid. Also record other monthly expenses if no bill is received (such as rent or other automatic withdrawal payments).
- Plan what bills and expenses will be paid out of each paycheck or other source(s) of income, as well as how much of the income must be saved to pay expenses later in the month.

At the end of the month, subtract expenses from income and determine if you have stayed within your budget:

- By doing this every month, you can lessen how many financial “surprises” there are, as well as see what you did well, and what can be improved.

Review expenses and income to determine what needs to be changed:

- Ask yourself, do you need to cut some expenses or increase income?
- Don't be discouraged. The first few months that you try to follow your budget will be a learning experience. You may need to make changes in your budget. Remember, a budget is a guideline for spending and saving money. It helps you identify where your money goes and helps you plan how to use your money to get the things you need and want.

Learn practical and realistic tips for living within a budget, as well as use the online financial calculators on your web portal. Call your EAP program to find out more.

For further resources, please go to your portal and use the search bar to type in “Creating a Budget Flash Course.”

Moving ahead



What did you get out of today's presentation?

Which concepts are working in your life and why?

Who can be a support for you to make change?

Which concepts are *not* working in your life and why?

What 3 ideas are going to be the most helpful for you?

How can you support someone else with change?

What can you do in the next 24 hours to apply these concepts?

What are your biggest barriers for change?