

E

A quarterly
newsletter
of INVEST EAP

M E S S E N G E R A INVEST EAP P



Supporting a Healthy Organization

Volume 19

Issue 2

Spring 2017

Improve

When we consider making healthy choices, we usually think about eating nutritious foods, exercising regularly, getting adequate sleep and avoiding tobacco. These are all important to good health. But there is something else: Maintaining our financial health.

The American Psychological Association reports that money is the number one source of stress for most adults. Like any other kind of stress, financial stress affects our overall health.

Here's the good news: we can improve our financial health, reduce stress and live a happier, healthier life. Spring is the perfect season to reassess and revitalize our economic wellbeing.

Craft a Plan

Financial planning helps us know the balance between income and expenses, and helps us gain control. This inspires confidence and optimism. Basically, a financial plan is a budget that includes current income and expenses, and strategies for achieving a future goal. Here are some suggestions to help.

• **Calculate your net worth.** An important first step is to add up your assets. Make a list of monthly income, bank accounts and any investments such as stocks, bonds, mutual funds and real estate. Add in any tax-advantaged investments, such as retirement plans and education savings accounts. Include the value of personal property, such as home, automobile, and other valuable items. Second, determine your debt. Tally up mortgage balances, home equity loans, car loans or lease payments, student loans, and credit card balances. The difference between assets and debt is your net



Your Fiscal Fitness

the fine print on these offers. If you need help, call EAP. We can connect you to free credit counseling, budgeting resources and debt settlement programs that can help pay down debt.

Create a Safety Net

Life is unpredictable and sometimes throws us financial curveballs. Car trouble, house repairs, illness and injuries are just some of the reasons we need an emergency fund. If the unexpected happens, a cash reserve is good insurance.

• **Build a cushion.** Financial experts recommend setting aside enough money for at least 3-6 months of living expenses. This is challenging for most of us, but possible with a plan that breaks it down into smaller chunks.

• **Make it automatic.** Many people set up a separate account for emergencies and sweep some funds straight into this account each pay check. This makes it easier to stick to a savings plan.

• **Keep it liquid.** In emergencies, we need money quickly. Look for savings accounts that pay interest but don't charge penalties for withdrawals.

• **Look ahead.** Consider ways to cut back on expenses in case the need arises. Perhaps suspend a magazine subscription, cut back on entertainment spending, or take home-packed lunches to work and school?

Live Frugally

To live frugally means getting the most out of what we have and spending less on things we don't need. If we lower our living expenses, it's easier to build a cash surplus. Here are some suggestions for frugal living.

• **Shop smart.** Look for bargains on off-season goods. Spring is a great time

worth. If debt exceeds your assets, don't panic! Knowing where you stand is a good first step towards taking control.

• **Track your cash flow.** Examine your weekly or monthly income and note where you spend it. List your basic needs, such as housing, utilities, food, medicine and transportation. Look at where your discretionary dollars are going, such as for dining out, entertainment or clothing. Keep a journal of your spending, and balance your checkbook regularly. Set a goal for cash flow each month and then monitor your results. Aim for a consistently positive cash flow — more coming in than going out.

• **Pay off credit cards.** Eliminating large monthly credit card bills can greatly improve financial health. Simple tactics like only buying things with available cash and cutting up unnecessary credit cards help, because interest payments and credit card fees increase the "true cost" of purchases. It's important to attend to credit card balances and minimum payment amounts. To cut back on debt, some people pay double or triple their minimum payment amounts on the credit card with the highest interest rate and monthly finance charges, while continuing to make the minimum payments on other cards. A balance-transfer card can also help with debt, but it's important to read

(Continued from front...)

to find deals on winter clothing and snow sports equipment. Sometimes however, the best value might mean choosing quality over price. A pair of boots that costs \$30 may seem like a great deal, but not if they wear out quickly. A more expensive pair might last longer. Buying gently used items in the classifieds, online or at tag sales can lead to big savings, as can buying goods and food staples in bulk. It's also good to avoid impulse buying.

• **Cut fuel bills.** Now is a great time to review last winter's fuel bills and improve the energy efficiency of your home. Utility companies, credit unions, fuel suppliers and weatherization agencies offer technical assistance and funds to help consumers reduce energy costs. EAP can help with referrals to helpful organizations.

• **Enjoy low cost leisure.** Instead of spending a lot on a far-flung adventure, plan to enjoy an inexpensive, nearby retreat. Delve into your region's history at a monument or museum or spend a few hours at an art exhibit. Explore a local park, wildlife preserve, or scenic area. Discover new local trails for biking, hiking or paddling.

Stretch Your Health Care Dollars

Health care is expensive, but it's still possible to curb medical spending and avoid paying more than we should. It's always good to review your health care plan to find cost-saving strategies.

• **Stay in network.** Health care providers that participate in a health care plan generally charge reduced rates for plan members. It helps to stick with the list of preferred doctors and dentists.

• **Study the details.** Before filling a prescription or using medical services, know the payments, deductibles and other out-of-pocket expenses for which you're responsible. Your plan might include a preferred drug list or discount mail-order pharmacy which can save money.

• **Check your bills.** It's important to keep an eye out for billing errors and miscalculations. Tally your deductibles and know what you're responsible for.

• **Don't skip screenings.** Early detection means better health through prevention and lower medical bills over time. It makes good financial sense to follow through with recommended screenings for cancer, heart disease, and diabetes.

• **Get with the program.** Many health plans offer discounts on fitness classes and workshops such as smoking cessation and weight loss. Take advantage of these, as well as free disease

RESOURCES

"14 Great Financial Planning Tools," on the website aplaceformom.com. Find helpful calculators from organizations like AARP, U.S. Department of Labor and the Federal Reserve, to help you calculate your needs for retirement, raising a child, and paying off debt. <http://www.aplaceformom.com/blog/12-04-15-financial-planning-tools/>

"Ask CFPB," a service of the Consumer Financial Protection Bureau. Find clear impartial answers to hundreds of financial questions. <http://www.consumerfinance.gov/askcfpb/>

Kids.gov activities and worksheets. Money games and resources to keep the conversation going.

<https://kids.usa.gov/teachers/activities-and-worksheets/money/index.shtml>

Maurer, Tim. *Simple Money: A No-Nonsense Guide to Personal Finance*. Baker Books, 2016.

Richards, Carl. *The One-Page Financial Plan: A Simple Way to be Smart About Your Money*. Portfolio, 2015.

Siegel, Cary. *Why Didn't They Teach Me This In School?: 99 Personal Money Management Principles to Live By*. CreateSpace Independent Publishing Platform, 2013.

management programs for chronic conditions such as diabetes and asthma.

• **Walk more.** Walking helps with savings on fuel, parking, or car maintenance. It also alleviates stress and helps prevent aches and pain, insomnia and illness so you'll spend less on medical care. Plus, if you carry home items from a shopping trip, you might naturally buy less!

Stay on Task

Managing finances is an ongoing process. Whether monthly or quarterly, it's important to review our financial situation for possible changes. With goals, we can monitor our progress. As goals change, whether it's saving for education, retirement, or a dream vacation, we need to adjust spending. It's also important to read financial publications and follow news about the economy. Becoming financially fit is part of good health and provides peace of mind! INVEST EAP is here to help with support and information about resources.

Talk to Kids About Money

Managing money wisely is a skill everyone should learn early in life. Kids who learn money management basics become empowered adults in their financial futures.

Start early. Kids can learn about money at the same age they learn to say "please" and "thank you". As young as 4 years old, they can understand the concept of saving and will imitate spending behavior. They can be taught to create shopping lists and how to find bargains. It's educational and fun to learn how to use coupons, take advantage of sales, and calculate the savings.

Consider an allowance. Parents can help by giving an allowance or paying for chores at home. Kids then have the experience of managing a finite amount of money. This helps them explore concepts like savings or planning for a purchase.

• Construct a financial plan that includes assets, expenses and strategies for paying down debt and creating an emergency fund.

• Aim to build a cash reserve, grow your savings through frugal living.

• Save on health care costs by staying in network, getting screenings and scrutinizing medical bills.

• Prepare young people for financial decisions and responsibilities.

• Set aside time for regular reviews of your financial situation and make changes when needed.



EAP SERVICES



EAP is here to help. For more information about articles in this newsletter, or any other EAP-related topic, please call one of our trained counselors at our toll-free number:

1-866-660-9533 • www.investeap.org

Create a login