

From the Heart...

... Life Skills for Today

By Sharon L. Benedict MS, CLC



TIME & MONEY . . . CHOICES

Fitting Your Plans into Your Life

Were you able to put time aside this last week to start writing down your strategic life plan? Are you having fun yet? If not, be kind with yourself. Today, this week, is a new opportunity to set aside time for you to begin your strategic planning. Place those core values, dreams, and goals you have on a large sheet of paper. Initially focus on three dreams and three goals; then prioritize them using four columns titled:

- Core Values (1st column)
- Dreams & Goals (2nd column)
- Set SMART Date (3rd column)
- Contact people (4th column)

This one-page life plan worksheet will provide a useful beginning. Start a life plan notebook for you and your family with this worksheet—routinely referring back to your notebook throughout the year.

Once you have this worksheet in front of you, it's time to fit them into your life and relationships. Remember, time/money management is really life management the SMART way (Specific, Measurable, Attainable, Realistic/Relevant, Time-phased). That means looking very close at how your budget lines up with your

dreams and goals. For wherever you spend your money is where you spend your time and life. Let me say again, ***wherever you spend your money is where you spend your life!***

Your ***Personal Budget*** consists of specific categories itemizing ***every*** annual mandatory and discretionary expense, and all sources of income. Use current tax-related category terms to make it easy to transfer the amounts to your FIT 1040 form. You can be more creative with your non-tax related category terms (ie. groceries, dining, clothing, home repairs).

Your next step is to place your annual income and expenses in each category. Highlight where you may need to shift some dollars to cover certain mandatory expenses. Review your discretionary expenditures to insure the budget covers your necessities, contributes to your dreams and goals, and fits your core values.

Have your budget sheet placed next to your life plan worksheet to help you more effectively align your spending with your goals. Seek a trusted friend's help if you are not inclined to work with numbers, nor consider yourself savvy with budgeting and finances. Their questions and feedback may prove a valuable asset.

Questions will arise. What do I buy and why? What do I consider a necessity or luxury? What do I say goodbye to and add to my budget? How will those choices support my core values and build my dreams and goals, without jeopardizing my money, time, and relationships?

Set aside a focused, committed weekend to try out this exercise. You will discover some revealing insights into where you are heading in life. Have a family

discussion about forming a mutually agreeable budgeting plan and SMART actions. You may also want to seek reliable advice from a professional financial advisor on life and estate planning—start today.

Although it is not easy or fun to look close at where your dollars go, this budget task is indispensable for supporting and achieving your dreams, goals, and preserving healthy relationships. Be honest with yourself. If our Fortune 500 companies deem it important, then we should also take it seriously for ourselves. Without a financial plan, we too would have the tendency to lose sight of our core values, overspend and accumulate substantial debt, risk lack of funds for emergencies, and have no capital to reach our more significant dreams and goals.

Next issue, we will go into more detail on the benefits of strategic budget planning and the consequences if you don't—directly impacting your life, family, and other relationships. You will learn how our nation's middle-income families are doing in the 21st century; and how you can improve the odds of a better future for yourself and those you love.

CORRESPONDENCE

The author can be contacted through her website, www.harvestenterprises-sra.com or by email at seekreachachieve@gvtc.com.

From the Heart...

... Life Skills for Today

By Sharon L. Benedict MS, CLC



TIME & MONEY . . . CHOICES

Budgeting Beyond Just Survival

"I've got enough money saved for the rest of my life. Well... unless I want to buy something." Does this sound familiar? There are times when I actually look at my check book balance and still say, "I can buy this and make up the money next year." Is this survival mode or what?

Getting beyond just surviving is integrally connected to your own personal budget and commitment to your dreams and goals. Hopefully, you have given yourself opportunity to set up your budget as discussed last issue. Once you establish where you are and where you want to go with your budget, it's time to take action one day at a time. You will then need to routinely track your income and expenses to keep you moving forward.

As life expectancies in the 21st century increase, the need for increased retirement income is swelling. Living paycheck to paycheck makes it even more precarious toward supporting the retirement years? In addition, relying on the ever available credit cards (w/ minimum payments and 21%+ interest charges) dropped into your mailbox only further endangers your ability to stay afloat. Mounting credit cards are guaranteed to keep you in major debt throughout your lifetime.

Although survey data is hard to find, many consumer counseling services report that most of our nation's families do not live within budget nor actually have a personal budget. According to Chauna Brocht's report, *Hardships in America: The Real Story of Working Families*, 29 percent of American working families fail to earn enough to afford following a basic family budget.

This means that these families are unable to provide basic necessities such as decent food, safe housing, and access to adequate health and childcare.

Except for Alaska and Hawaii, the 2005 official annual poverty line for a family of four is \$19,350. Even those well above the official poverty line (ie. \$35-49,000/yr) can't seem to make it work.

The official poverty line is considered grossly outdated across our nation, aggravated by certain critical societal roadblocks such as affordable housing, adequate wages, and healthy/stable home environment . It therefore becomes imperative for every family to reevaluate their financial situation and achieve a workable budget.

Fueled by strategic planning and disciplined action, the benefits of budgeting are potentially enormous. However, the consequences if you don't are just as enormous—directly impacting your life, family, and other relationships.

If you are one of those who struggle with numbers, need more detail help with where to start, or just don't see much value in having a personal budget, then I strongly encourage you to seek professional advice on life financial planning and budgeting before you get too deep in the moneyless mire.

Here comes the good news to motivate you to action. These many benefits will help you see lasting value of living on a budget:

- Considerably reduced stress for you and your family
- Increased control of your financial destiny
- Enhanced passion and lasting commitment for your dreams & goals
- Financial freedom
- Debt-free living
- Save more money for targeted dreams & goals
- Invests smarter
- Jump starts your career
- Protects and helps unify your family
- More time for yourself
- Supports high-quality wellness goals
- Comfortable retirement
- Having all-around more fun!

The consequences of not budgeting are many and almost certainly unavoidable. In the next issue, these unfortunate and often tragic consequences will be listed—

with focus on bankruptcy, the end of the line. In the meantime, here are just a few resources to help you easily start a budget and offer useful tips on living on a budget—

The Money Book for the Young, Fabulous & Broke by Suze Orman.

Riverhead Hardcover (March 3, 2005)

The Road to Wealth by Suze Orman. Riverhead Books. New York, New York. 2003.

<http://www.suzeorman.com/>

US Government—First Government for Consumers

<http://www.consumer.gov/yourmoney.htm>

CNN Money.com—

Money 101 classes-23 lessons <http://money.cnn.com/pf/101/>

http://cgi.money.cnn.com/tools/instantbudget/instantbudget_101.jsp (also helps analyze your income/expenses based on a comparison of similar American households)

About.com—

<http://about.com/money/>

<http://financialplan.about.com/msubbudg.htm>

No Debt No Sweat, www.nodebtносweat.com

CORRESPONDENCE

The author can be contacted through her website, www.harvestenterprises-sra.com or by email at seekreachachieve@gvtc.com.

From the Heart. . .

. . . Life Skills for Today

By Sharon L. Benedict MS, CLC



TIME & MONEY . . . What Happens When You Don't Budget

Although it's definitely more fun to hear the positive benefits of budgeting, I hope the negatives you are about to hear will spur you to action today! In just one year, any numbers of economic factors have changed. The devastation caused by Hurricane Katrina has already impacted the rise in gasoline prices, heating bills, home insurance premiums (or scaled-back coverage), interest rates, property taxes, and your minimum credit card payment .

Suze Orman (www.suzeorman.com) estimates that the average family with \$9,000 in credit card debt, using 20 gallons of gas/week, and repaying a \$25,000 home equity line of credit will see these monthly bills move from \$511 to \$778. This is based on increases in minimum payment requirements, gasoline prices, and home equity interest rates. This family will annually pay out at least \$3,200 more to just maintain their current lifestyle. Then add increased home heating/cooling/electric bills, home insurance, and property taxes.

Orman believes "the game has changed . . . This is your wake up call." She also is asking, "Can you handle the hit to your wallet?" The only way to answer this question is with a viable budget already in place and a clear focus on where you

are heading in life. The consequences of not budgeting and strategically planning are many. Here are a few negatives you will definitely want to avoid:

- Intensified stress/family disagreements
- Distorted perceptions and judgments toward oneself and others
- Creditors/collection agencies routinely calling
- No money for basics—food, housing, healthcare/wellness, savings/investments, special needs/emergencies, long-sought dreams/goals
- Your health and well-being put at risk
- The end of the line—bankruptcy, most likely devastating your family/other relationships

Although most financial advisors try to help people avoid bankruptcy, our nation's bankruptcy attorneys are never short of clients. According to the 2005 US Courts bankruptcy/federal judiciary stats, more than 1.6 million people filed for bankruptcy. With the new 2005 Bankruptcy law (S. 256), both consumers and businesses are required to go through many extra hoops. Key provisions for consumers include mandatory consumer credit counseling, mandatory debtor education course, reduced ability to shelter assets, and limited homestead exemption to \$125,000.

Elizabeth Warren, Harvard Law Professor, reports those families in the worst financial trouble were neither the very young with their first credit card, nor the elderly with failing health and declining savings accounts. These families were

parents with children at home. Having a child is now the single most predictor toward financial collapse.

These struggling families are not squandering their second income on impulse purchases or luxuries. “On the contrary, both incomes are almost entirely committed to necessities, such as home and car payments, health insurance and children's education costs. When an unforeseen event such as serious illness, job loss or divorce occurs, families have no discretionary income to fall back on (Warren E. *The Two-Income Trap: Why Middle-Class Mothers and Fathers Are Going Broke*).”

Couples with children are twice as likely to go into bankruptcy, three times more for a single divorced parent as a single friend with no children. According to Warren, “bankruptcy is deeply entrenched in American life. “ More people will end up in bankruptcy than having a heart attack, cancer, divorcing, or graduating from college. Warren believes we will shortly have more friends and co-workers in bankruptcy than any other of these life events.

Families with children will be 75% more likely to be late on their credit card payments. Car repossessions have doubled in five years. Home foreclosures tripled in the last 25 years. Warren suggests that **for every family filing for bankruptcy, there are seven times more whose debt load is heading in that direction.**

In spite of some positive changes in the financial workforce mix, what is going wrong? Although there is any number of rather unusual, if not bizarre reasons, the three most common reasons are: **job loss, family breakup, health problems.** Other less frequent reasons are: **acts of God, military duty, car wrecks, unhealthy lifestyle behavior.** All these risks are part of every generation. However,

today, the risks facing these middle-income families have increased. It seems no matter how hard every one works, risk of financial collapse is ever present. Although two-paycheck families generally believe they are better off and safer, the risks are actually higher.

Can you now see how important it is to know your core values, dreams and goals, and set up a strategic plan to get there? You will not make it without a personal budget, an unstoppable determination, and discipline to achieve your life goals. Your personal budget will be your valuable ally, helping you reign in your debt and stay accountable throughout the years—along with the support of friends, family, and colleagues.

The long term benefits of financial freedom, debt-free living, and a comfortable retirement far outweigh the difficulty in making the necessary mindset and behavior changes ahead for you. In the next issue, certain key motivators will be covered to keep you living within your budget—knowing your own personality tendencies impacting your ability to effectively communicate, establishing life balance that supports lasting behavioral change, and gaining wisdom from the lifestyles of our nation's successful millionaires. You just might have one living next door!