


**Managing Your Money in Tough Times**



A presentation delivered to you on behalf of Anthem EAP

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**Objectives**

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

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**Where Do You Start?**

- Relax. Take a deep breath. Don't panic.
- Objectively look at where you stand
- Assess your situation
- Does your plan still make sense?
- Look at your financial statements and see what you have.
- Start setting new goals: Define + Write + See

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### Make it a Family Affair

- Tough and good economic times take a toll on families
- Strengthen communication and cooperation by having a family money meeting
- Include younger children. They're smarter than you think
- Discuss how everyone can chip in to make things easier. Get their ideas.
- Don't hide things from your children. Let them be involved in decision making and possible solutions
- Make sure relatives (and coworkers) know you are tightening purse strings and enlist their help




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### Annual Credit Check

*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.*

- Check your credit report for free at least once a year.
- Request all 3 reports separately from:
  - Experian
  - Equifax
  - Trans Union, or go to [www.annualcreditreport.com](http://www.annualcreditreport.com) to see all 3 reports at once
- Correct any errors or omissions
- Decide if closing inactive accounts makes sense.

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### What is FICO?

- Fair Isaac Company (FICO)
- Bill Fair and Earl Isaac developed custom software back in the 1950's
- Prior to Fair Isaac, credit was issued selectively and there often was discrimination
- Developed a statistical equation to make it as fair and non-discriminatory as possible
- FICO scores are used by 90% of lenders
- The latest version is FICO 9
- Your credit score will be between 300 and 850
- The higher the better

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### Factors that can Affect Your Score

- FICO 9 uses more factors than previous FICO scores
- The minimum scoring criteria: 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 installment loans
  - Using 30% of available credit is good
  - Using 20% will be considered better
  - Using 6% or less will qualify you for a super FICO 9 score
  - How long has each account been opened? 0-23 months has a higher risk than accounts open 24 – 60 months

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### Factors that can Affect Your Score

- 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 has little effect.
- Your score will be lowered if there is no activity for a 6 month period
- Using more than 30% of your available credit will lower your score

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### Factors that an Affect Your Score



- Constantly opening new credit can cause your score to be lowered
  - A recent delinquency 0-11 months affects your score more than an older one 12 – 24 months ago
  - If you are a new borrower, more inquiries lower your score
- Younger files will be affected by inquiries more than mature, older files
- An inquiry from a landlord is now considered a hard inquiry
- There are multiple FICO scores, you need to ask the lender which they use

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### 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

What should you do?

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### Look at Your Spending

- Budget! Budget! Budget!
- 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



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### Look at Your Deductions

- Look at your tax withholding. You don't want to receive a big refund.
- Are you contributing to your 401(k)? Maxing out? Up to the match?
- 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
- Use the same company for homeowners and auto insurance.

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### 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, 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

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### Re-Set 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

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### Playing Catch-Up?

Do you work with a Certified Financial Planner (CFP)?

#### Increase Risk?

- Future plans rely on a certain return on your investments
- Current economic and market conditions are uncertain
- Did you save enough?
- Will your investments meet your financial goals?
- If not, what options do you have?

#### Modify Your Plans?

- Increase your risk... Most financial planners will tell you to reduce, not increase your risk as you age.
- Save more.
- Modify your plans... Rethink retirement, college plans, re-sizing or relocating to reduce your cost of living

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### Consider Other Income

- If you have an interest, talent or hobby turn it into an income opportunity
- Get a part-time job
- Sell unwanted items on eBay or a neighborhood garage sale
- Donate items to charity and collect a receipt for a possible tax deduction
- Encourage children who are old enough to do small jobs to free up your time
- Encourage grandparents to contribute to college accounts or savings instead of buying gifts



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### Super Savers

- Get an automatic thermostat to lower heat when you are not home
- Replace old bulbs with compact fluorescents or LEDs
- 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 want
- Have a garage sale
- Sell collectibles

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 And enter company code: Fulton  
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**QR CODE FOR EVALUATION**



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**THANK YOU FOR PARTICIPATING!**

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