

# MAKE A PLAN TO MANAGE PERSONAL FINANCES

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According to a recent study by the National Foundation for Credit Counseling (NFCC), one in five Americans could not make ends meet without the use of credit. In fact, 22 percent of respondents said they would have to make significant lifestyle changes if required to live on a cash-only basis. Based on recent Federal Reserve statistics, the average U.S. household credit card debt is \$15,000. Even more alarming, the total credit card debt for all Americans is more than \$880 billion — yes, billion with a “b.”

So what can you do? Here are 10 tips to help manage your personal finances.

- 1. Develop a Household Budget** — Businesses do this, but many people do not. Sit down and create a monthly budget. Identify how much money is coming in and how much is going out. Your budget may not be balanced, but that's okay for now. The first step is getting a handle on financial matters.
- 2. Prioritize Your Spending** — Oftentimes, purchases are made without thinking through their overall importance. Something as simple as identifying your required monthly payments, such as rent or house payment, then your essential purchases, such as food or transportation, will help you better understand how much money is available for so-called discretionary purchases.
- 3. Create a Wait-and-See List** — Everyone has purchased items on the spur of the moment only to regret the purchase later. A good practice is to wait at least 24 hours before making a purchase of something you see in a store or online. You'd be surprised how often the item or service becomes less important over time.
- 4. Keep a Calendar for Bill Payments** — Even if you are in credit card debt, you don't want to be delinquent on payments, which only hurts your credit ratings and leads to possible actions by creditors. Make a monthly calendar that lists when payments are due and the amount of the minimum payment. Then plan accordingly.
- 5. Cook at Home** — According to one study, Americans eat 4.2 commercially prepared meals per week, or more than 18 meals eaten outside the home each month. What if you could cut this in half? Eating out, once was a luxury or special occasion. Times have changed; however, if you want to improve your personal finances, this is a simple way to save real dollars.
- 6. Always Compare Prices** — In many ways, this is a consumer-driven economy. In other words, it is getting easier and easier to compare prices among stores and among products. Once you find something you want to purchase (after the 24-hour rule), then begin

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comparison shopping. You might be surprised how much money you can save by following this rule versus buying spontaneously.

7. **Make Saving Money Fun** — Saving money seems daunting for some; for others, it can be fun . . . whether you're young or old. For example, an easy way to save is to empty your pockets of change at the end of each day. Never carry change. Or open a simple passbook savings account at your bank, and add a few dollars each month. One idea: Deposit the money you save from not eating out as often.
8. **Follow the "Minus-One" Rule** — When you're in the grocery store or department store, and you're ready to checkout, stop and put back one item. More times than not, this will be easier than it appears. And one less item means more money in your pocket and a little less debt.
9. **Use FDIC-insured Financial Institutions** — Millions of people do not use traditional banks to manage their money. Instead, they use check-cashing and quick-loan establishments, often at enormous costs or other non-traditional financial services companies. Banks offer many free services and are ready to help you improve your personal financial condition. Visit one today
10. **Get Personal Counseling** — If, at the end of the day, you believe you still need more professional counseling, ask your local bank for help. ■



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