

Money Management

How many times have you said to yourself: If I only had a few extra thousand dollars a year, all my problems would be solved? The truth is that money usually has very little to do with your personal level of happiness. In and of itself money possesses no value. It's not the money - it's how you use it that determines its worth.

It's important to realize that achieving your goals lies in your ability to see money for what it really is - a tool, no more, no less. Just as your car gets you from one destination to another, money is a financial tool that, when used correctly, can help you reach your goals.

Establish a wish list

Deciding what is important to you is the first step to effective money management. Make a wish list of what you want for yourself and your family. Items such as a new home, new car, vacations, retirement funding, future college costs, or charitable donations may appear on your list. Next, prioritize your goals by deciding what is most important to you. Why? Because in a world of limited choices, you have only limited resources.

Finally, put a realistic price tag on each of your goals. For example, you may want \$100,000 for college in 20 years. Or, you may like to retire with a \$500,000 nest egg in 30 years.

How do you achieve these goals?

Now that you have prioritized your goals, look to achieve short-term objectives through daily money management. A household budget may help you decrease credit card debt, build a savings account, save for vacations, etc. A budget may help you revise your spending habits, cut costs, and achieve short-term goals.

For long-term objectives, your best bet is to start saving a specified amount on a systematic basis. The more disciplined you are, the better your chances. For example, to accumulate \$500,000 for retirement in 30 years, you will need to save about \$3,400 a year, or approximately \$280 a month. You will need to put aside nearly \$1,800 a year, or \$150 a month, for that \$100,000 college fund in 20 years.

Set realistic goals and manage your money effectively

Money is not the only source of happiness. But when used correctly, money can help you achieve more satisfaction out of what you earn, spend, and accumulate.

When it comes to your money, it makes sense to seek the advice of professionals whose job it is to help people realize their goals. Talk to your insurance agent about insurance and other financial products that can help you achieve some of your goals.

Cash Management

The day-to-day choices you make about spending and saving are central to your financial plan.

- Record your current sources of income
- Document your fixed and discretionary expenses
- Develop cash flow projections

Your financial plan should concentrate on:

- Evaluating income and expense patterns
- Restructuring debt to improve rates, terms & after-tax cost
- Identifying potential resources for savings and investment
- Forecasting major expenditures and identifying sources of funds to meet them

Planning for retirement

- Describe the lifestyle you anticipate during retirement
- Estimate living costs throughout retirement
- Estimate the income you can expect from government programs, pensions and personal retirement assets
- Develop long-term income - splitting strategies
- Calculate a target rate of return for your investments
- Establish annual savings targets
- Techniques for special situations, including severance packages, retiring allowances and choose options in employer-sponsored pension plans

Some things you can do to increase your available cash:

1. Entertain economically
2. Give creatively
3. Dress for less
4. Avoid waste
5. Re-use
6. Shop smart
7. Buy in advance
8. Avoid temptation
9. Don't belittle a nickel
10. Keep the wallet almost empty
11. Live beneath your means