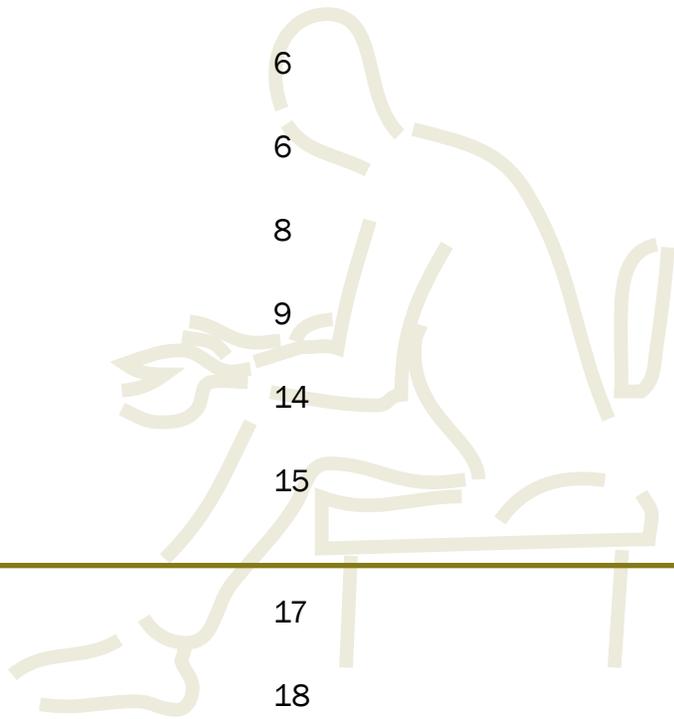




**NEW DIRECTIONS:
SURVIVING A LAYOFF OR JOB CHANGE**

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A layoff or job change can be a challenging and stressful situation for you and your family. There will be emotional highs and lows and sometimes it will seem like good news is far from reach. However, you can achieve a successful new direction with careful planning, useful tools and a positive approach.

"Approach this challenge with the same dedication you showed at your job"



TAKE STOCK

Before you embark on any new adventure, it is important to determine the starting point. A thorough evaluation of your current personal and financial picture is a major step in going forward. It will require a lot of questions and answers. The answers to these questions will guide you and help you set goals.

What Happened?

What caused your current situation? Was it a:

- Layoff
- Job change
- Reduced income
- Loss of a wage earner
- Unexpected expenses
- Disability or illness

Evaluate in detail the circumstances that led to your current situation. Determine if there was anything that you could have done differently that would have changed the outcome. If there was, you can use that lesson learned as you go forward.

How are the Finances?

Regardless of what happened to cause your current situation, managing your personal finances will be key to a successful outcome.

Take a look at your personal financial situation and ask these questions:

- How does it look? What is your overall assessment of your finances?
- Where are you now? What bills are due?
- Are family members involved with the family finances?

- Do you have a written budget?
- What do you own and what do you owe?

Prepare a net worth statement. In its simplest form, a net worth statement is what you own minus what you owe. Take some time to calculate your net worth, and update it at least once each year to monitor your financial progress. A blank net worth statement can be found in Appendix A.

What Resources are Available?

During a time of transition, take advantage of the resources that are available to you. These resources will include not only personal financial resources, but also those available through your extended family, the community, your religious affiliation, among others.

Discuss the possible resources with your family members. You may be surprised to find out how long the list can get. Here is a short list as an example:

- Family
 - Eat one meal a day at a sibling or parents' house
 - Do odd jobs for pay
 - Carpool
- Community
 - Energy assistance
 - Food assistance
 - Support groups
- Religious affiliation
 - Coordinate a yard sale or bake sale
 - Trade your time for needed goods like clothes and food
 - Volunteer

Who Must Be Contacted?

Again, take a look at your overall situation. Determine who needs to know about your new direction. Ask these questions:

- Do you need to apply for unemployment compensation?
- Do you have credit insurance on any of your credit cards? Let the creditor know about your situation to determine if the insurance can be used.
- Will you be canceling any subscriptions or services?
- Will child or adult day care arrangements be changed?

At this point, you will most likely have a list of things to do that will keep you busy. And, you're just getting started.



MOVING FORWARD

Reduced income can happen to anyone. Even if you are not currently facing reduced income, a proactive approach to your personal financial plan is the best way to go. How would you and your family survive unemployment? There are steps you can take to prepare for a potential crisis. These same steps can be used in your everyday financial management. Smart money management is the key. Being ahead of the game will ensure a smooth transition to overcome any change in your financial life.

Preparing for the Future

If you have not gone through the process of setting financial goals and preparing a plan to achieve those goals, then now is a great time to do it.

Before you can create a plan for spending and saving, financial goals must be set. Goals reflect your values and provide direction for planning. Setting goals will help you balance your needs and wants. Goals have certain characteristics.

Specific

Goals should be specific. How much spending do you need to cut from your budget? How long of a time frame must the cuts last? How often will income be coming in? For example, you might need to reduce your expenses by \$500 per month to balance your budget. Since you get paid twice each month, you would have to reduce expenses by \$250 with each paycheck.

Measurable

You will have to measure and monitor your progress. How will you do this? Do it in a way that makes sense to you. As you save money or reduce expenses each week or each month, you can track it on a computer, write it down, or even see it logged on your pay stub as money is moved from your paycheck to a savings account. In any event, measure your progress as you move toward achieving your goal.

Reasonable and Realistic

Set goals that are reasonable and realistic. Don't try to save too much each savings period and end up sacrificing other parts of the budget. You might have to lengthen your time frame to achieve a goal and decrease the amount you save each time. Remember, saving is a lifelong process and a consistent, systematic approach will pay off. If you are trying to reduce expenses, be careful not to eliminate obligations that offer health and security to your family.

Each member of the family has his/her own ideas about which goals are important. Everyone should sit down together to identify goals. Open communication among all family members helps prioritize the goals that are acceptable to everyone.

Set Your Goals

Take some time to set your financial goals. Use the "to do" list that you created earlier to help identify your goals. Also use the worksheet in Appendix B - Setting Goals as a guide. Short-, mid- and long-term goals are important. Although the time frame that you put on your goals may vary, here are some rules of thumb:

- **Short-term** goals are those that can be achieved in a year or two
- **Mid-term** goals are those that can be achieved in two to five years
- **Long-term** goals are those that can be achieved in greater than five years

During a financial emergency, your short-term goals will typically outnumber your mid- and long-term goals by a large amount. In fact, the

"Prepare for the worst and plan for the best"

time frame on your short-term goals will also be shorter than the typical one- to two-year time frame above. You will have to do many things in a short period of time to get on a positive track.

Write down your goals. Take the steps to achieve them. Monitor your progress. Cross off the ones you achieve. This organized process will not only keep you on target, but it will also give you great satisfaction.

Budgeting, Saving, Spending

Review your budget and see where you stand financially. Your budget is the cornerstone of your personal financial plan, whether you're saving a lot of money already or if you're faced with reduced income. A budget tells a financial story. By planning, tracking and adjusting, the financial story that your budget tells will be a successful one.

The budget includes income, expenses, and debts in its most basic form. Income and debts are usually fairly straightforward categories and are easy to identify and list. You might have a few income sources depending on how many wage earners you have in the family. And with debts, you might have a mortgage, a car loan, a student loan, a personal loan and a number of credit cards for example. It's the expense side of the budget that always seems to be the most challenging for people. When preparing your budget, include as many expense categories as possible in order to see where your money is really going. Do you know where your money goes? Spending too much can sabotage your goals.

Typically a budget can be prepared once a year. The annual budget for next year will take into account a number of items, including family goals, expected income, what you spent this

year and expected expenses for the upcoming year. You will want to re-work the budget during a financial emergency or change in your life.

Choose a time when the entire family can sit down and discuss the new budget. Leave enough time to discuss all issues and give everyone an opportunity to express his/her ideas and concerns. If you need additional family sessions, schedule more. Set a time limit for the meetings so they are productive.

The reason for meeting as a family to discuss the annual budget and changes, if required, is to set a financial plan for the upcoming period of time. The plan should include a balanced budget that meets the family needs and realistic wants. The budget meetings also have the added benefit of giving family members a chance to talk about money as a family, to share ideas, to gain perspective on other family members' needs and wants, and to discuss how everyone feels about a financial challenge. It also gives you the opportunity to identify new goals and to confirm that existing goals are still important and being worked toward.

Use the Annual Budget worksheet in Appendix C and fill in the categories that apply to your monthly budget. Expect to make adjustments as you prepare the budget.

If the budget does not balance, discuss what areas of the budget can be adjusted. Will you increase income or decrease expenses? Whose income will increase? What expenses will be reduced? Will goal time frames be adjusted?

Stay Positive

Much of the suggestions, processes and procedures discussed in this booklet are designed to help you minimize stress during a time of financial challenges. If you take the time to work

through your personal financial plan and make the tough decisions that sometimes need to be made, you will see positive results. In fact, the factors that affect financial stress include:

- Failure to have a plan
- Lack of communication among family members
- Inability to make difficult decisions
- Feelings of uncertainty and lack of security

So, stick with it, keep your chin up and read on.

Request a Financial Counseling Session

There may be times when you need assistance from a professional financial counselor. Counseling sessions are focused entirely on your personal concerns. Sometimes guidance from a trusted third party can be very helpful.

If you are debating the need to see a financial counselor, you may want to consider the following questions:

- Are you behind on your house payment?
- Are you behind on your utility bills or threatened with shut off notices?
- Do you feel credit obligations are so high that it's difficult to have money for food, clothing and children's expenses?
- Are your creditors sending second reminders or collection notices or threatening court action?
- Do you and your spouse frequently disagree on how money should be spent?
- Do you feel you have lost control of the family spending?

- Do you only pay the minimum balances on your credit cards?
- Have you taken cash advances to pay other bills?

If the answer is yes to one or more of these questions, you may benefit from speaking to a financial counselor.



REVIEW YOUR FINANCES

Now that you have reviewed your current situation in detail, set some goals and looked at your budget, it's time to implement your plan to accomplish your goal of making ends meet. There are steps to take to help ensure a quick and manageable recovery.

Income, Expenses, Debts, Benefits

A detailed analysis of your budget with an eye on each of the specific components is required to fully evaluate your financial condition and to determine the adjustments you need to make. Some very tough financial decisions will have to be made. The quicker you realize that when income is reduced and changes in spending must be made, the more likely financial problems will be avoided.



"Success is in the details"

LIST SOURCES OF INCOME

The starting point in any budget review is to take a look at your income. In times of reduced income, you have to be creative and look at sources of income that you might not have considered in the past.

On the income side:

- Determine the amount of your reduced income
- Determine how much of that income you will replace
- Determine other income sources to replace lost income

Other income sources might include:

- **Unemployment compensation** – apply for unemployment compensation soon after you experience a job loss. You are eligible to receive unemployment compensation if you:
 - Were fired or laid off through no fault of your own or if you were forced to quit because of a compelling reason
 - Are able and available to work at another job that is suitable, considering your skills, education and training
 - Worked for a company that paid unemployment compensation taxes
 - Earned enough money to qualify for unemployment compensation
- **Savings** – do you have any cash in savings to use to supplement your income? Do you have a money market account with available cash? Do you have any Certificates of Deposit (CDs) that will be due soon? Do you have any U.S. Savings Bonds?

*"There's a lot of money out there
– you just have to find it"*

- **Severance** – if you lost your job, did you receive any severance pay?
- **Part-time job** – can you secure a part-time job to make up all or some of the difference?
- **Spouse** – does your spouse work? If not, can he/she? Can he/she work extra hours?
- **Raising cash** – do you have any assets (2nd or 3rd car, motorcycle, boat, luxuries) that can be sold? How about a yard sale?
- **Family members** – do you have any family members living in the house that can contribute to the household income?
- **Sellable skill** – do you or a family member have a skill that could be marketed?
- **Rent a room** – if you live near a college campus and you have a spare room, can you rent it out on a month-to-month basis? Check with the housing coordinator at the local college for more information.
- **Benefits** – in addition to unemployment compensation, make sure you apply for other benefits for which you may be eligible, such as Aid to Families with Dependent Children (AFDC), social security and the like.
- **Tax refunds** – do you get a tax refund each year? If so, you might consider increasing the number of exemptions you are claiming on your W-4 form at work. Your take-home pay will increase when you increase the number of exemptions. Also, you might want to check with your tax advisor for other suggestions.
- **Lump sum vacation pay** – do you have any accrued vacation pay at work that you can cash in?
- **Collectable insurance claim** – have you held off cashing in a collectable insurance claim? If so, now's a good time to do it.

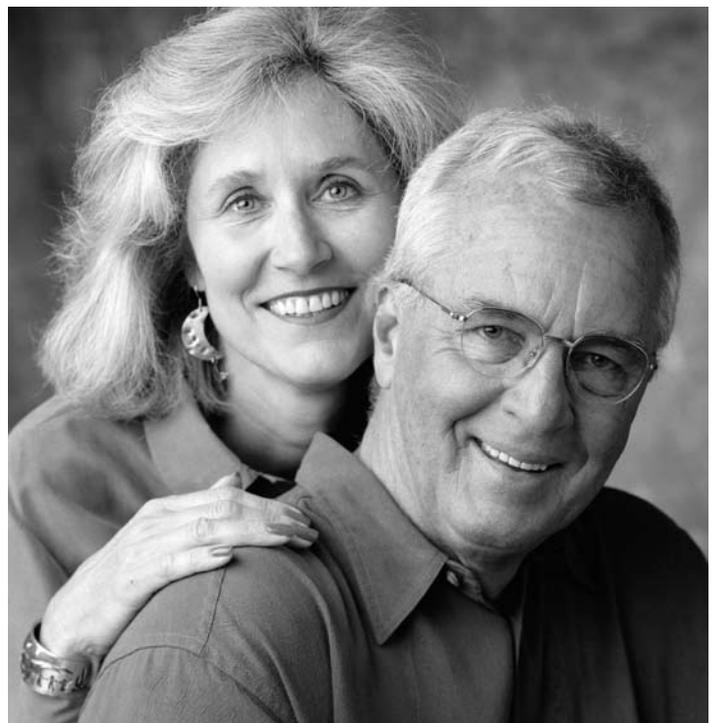
Withdrawal from Retirement Funds

Dipping into your retirement plan after a layoff or during a job change can be very tempting. Consider this decision very closely. If, for example, you are in jeopardy of losing your home to foreclosure, selling retirement funds might make sense despite the stiff IRS penalties and tax liabilities. Otherwise, avoid using your IRA, 401(k) or 403(b) for cash.

If you believe cashing out is your best option, seek the advice of a professional, such as a tax accountant. In some cases, those who withdraw early end up with half as much as they had originally.

You will want to consider the liability of your debt interest rates and your future retirement goals before calculating what you feel is best for you.

If you find that increasing income to offset your reduced income is not a viable alternative, look closely at your expenses to determine what can be reduced. Quite often, a combination of increased income, reduced expenses and restructuring of debts will be the best solution to make ends meet.



REVIEW EXPENSES

A review of your monthly expenses will be a valuable exercise. A great deal of “savings” can be found on the expense side of your budget. Reduced expenses go a long way to creating a balanced budget.

If you haven't completed the expense portion of the Annual Budget in Appendix C, do so at this time. By completing it, you will know how much you are spending and where you might be able to make adjustments.

Here are a few tips:

- **List in detail** – Write down every penny that you spend. Make as many expense categories as possible to really see where your money goes.
- **Determine needs vs. wants** – By determining which of your expenses are needs and which are wants, you can make choices about which expenses can be reduced or eliminated.
- **Prioritize** – Make a list of all of your expenses from the most important down to the least important.
- **Start cutting now!** – If it's time to cut, start eliminating expenses that will help you balance your budget.

The attachments called Reducing Expenses in the Family Budget in Appendix D and Ways to Save Money in Appendix E might give you more ideas.

Once you eliminate expenses from your budget, it becomes important to not allow these expenses to creep back in. This will require a change in your behavior that might include some or more of the following actions:

- Stop carrying credit cards
- Use a list when shopping
- Don't eat out
- Stay out of the mall
- Limit entertainment



“It’s not how much you earn, it’s how much you spend that keeps you from achieving your goals”

EVALUATE DEBT

The next step in reviewing your finances is to take an inventory of your debt. List all of your debts – both secured and unsecured. These might include your mortgage, car payment, student loan, personal loan and/or credit cards. Ideally, you'll want to cut expenses to a point where you'll have enough to cover basic living expenses and debt obligations. If not, there are some debt strategies that you can follow to address your shortfall.

Prioritize Your Debts

Review your financial obligations and determine what will have the greatest consequences for the health and security of your family.

Mortgages or other secured loans, such as auto loans, should take first priority. If you default on these kinds of loans, you can face foreclosure or repossession. If, for example, your car is repossessed, it may affect your ability to work and adversely affect your income. Additionally, the car will be sold or auctioned off. If the sale of the car brings in less than you owe, you still have to pay the difference. In effect, you could be sitting on the bus and still be making car payments.

Here is a sample priority list of debts:

- Housing payments
- Car payments
- Insurance (car, medical, life)
- Utilities
- Secured debt

- Student loans, taxes and support payments
- Unsecured debt (credit cards, personal loans)
- Miscellaneous bills (medical, auto repair, legal)

Determine if you can reduce your monthly payments on each of your debt obligations.

Consider Consolidation

Determine if you can refinance or consolidate your debt to reduce monthly expenditures. Commit to not taking on any additional debt after you reduce the monthly payments.

Contact Creditors

Creditors are willing to make arrangements, but they want to see progress on your side. If you have to request reduced payments, put it in writing. Explain your situation, define your proposed repayment plan, send token payments and keep copies of all letters.

Many creditors offer hardship programs where they will waive interest, alter fees, or sometimes even give you a month or two break before returning back to regular monthly payments.

If you are paying the majority of your bills at the beginning of the month, consider asking some of your creditors to move the due date to later in the month. By calling the customer service number on your bill statement, you can determine which creditors are flexible in moving your monthly due date.

Make sure you keep good notes. And when you make an agreement with a creditor, ask them to

*“As a result of sound financial planning,
the light at the end of tunnel has been turned back on”*

send you written verification. This helps to ensure there aren't any misunderstandings or miscommunication.

If you are having financial difficulty and need a change to payment terms, use the letter in Appendix F to communicate with creditors.

Collection Practices

Although collection agencies are restricted by law, collectors can still add to your stress. Some of your rights under the Fair Debt Collection Practices Act include:

- Prohibiting debt collectors from using abusive, deceptive and unfair collection practices
- Establishing procedures debt collectors must use in contacting the debtor/credit user
- Limiting contracts with a third party by a debt collector
- Establishing how a payment on several debts must be applied and that no monies are to be applied to a debt in dispute

Your best line of defense is to deal directly with your creditors. Let your creditors know when and where they can and cannot reach you and, above all, back this up in writing and send it by certified mail.

Update Your Credit Record

If you've ever applied for a credit card, a personal loan, or insurance, there's a file about you. This file contains information on where you live, how you pay your bills, and whether you've been sued or filed for bankruptcy.

Companies that gather and sell this information are called Consumer Reporting Agencies (CRAs). The most common type of CRA is the

credit bureau. The information CRAs sell about you to creditors, employers, insurers and other businesses is called a consumer report.

Fair Credit Reporting Act (FCRA)

The FCRA is designed to promote accuracy and to ensure the privacy of information used in consumer reports. Businesses that supply information about you to CRAs and those that use consumer reports have responsibilities under the law. Here are some questions consumers commonly ask about consumer reports and CRAs - and the answers.

Q. How do I find the CRA that has my report?

A. Contact the CRAs listed in the Yellow Pages under "credit" or "credit rating and reporting." Because more than one CRA may have a file on you, call each until you have located all the agencies maintaining your file. The three major credit bureaus are:

Experian

PO Box 2002
Allen, TX 75013
1-888-397-3742
www.experian.com

Equifax

PO Box 740241
Atlanta, GA 30374-0241
1-800-685-1111
www.equifax.com

TransUnion

PO Box 1000
Chester, PA 19022
1-800-916-8800
www.transunion.com

In addition, anyone who takes action against you in response to a report supplied by a CRA - such as denying your application for credit, insurance, or employment - must give you the name, address, and telephone number of the CRA that provided the report.

Q. Do I have the right to know what's in my report?

A. Yes, if you ask for it. The CRA must tell you everything in your report, and in most cases, the sources of the information. The CRA also must give you a list of everyone who has requested your report within the past year - two years for employment-related requests.

Q. Is there a charge for my report?

A. Sometimes. There's no charge if a company takes adverse action against you, such as denying your application for credit, insurance or employment, and you request your report within 60 days of receiving the notice of the action. The notice will give you the name, address and phone number of the CRA. In addition, you're entitled to one free report a year if you certify in writing that (1) you're unemployed and plan to look for a job within 60 days, (2) you're on welfare or (3) your report is inaccurate because of fraud. Otherwise, a CRA may charge you for a copy of your report.

Even if you have not been denied credit, you may want to find out what information is in your credit report. You should review your credit report periodically for inaccuracies or omissions. This could be especially important if you're considering a major purchase, such as buying a home or a car. Checking in advance on the accuracy of the information in your credit report could speed the credit-granting process.

In addition, under the Federal Fair and Accurate Credit Transactions Act, every American is entitled to one free credit report from each of the three major bureaus per year. Go to www.annualcreditreport.com or call 1-877-322-8228.

Q. What type of information do credit bureaus collect and sell?

A. Credit Bureaus collect and sell four basic types of information.

Identification – Information such your name, birth date, social security number, current and previous addresses, and your spouse's name are routinely noted.

Payment History – Your accounts with different creditors are listed, showing how much credit has been extended and whether you've paid on time. Related events, such as referral of an overdue account to a collection agency, may also be noted.

Inquiries – CRAs must maintain a record of all creditors who have asked for your credit history within the past year, and a record of those persons or businesses requesting your credit history for employment purposes for the past two years.

Public Record Information – Events that are a matter of public record, such as bankruptcies, foreclosures, or tax liens, may appear in your report.

Review your credit report at least once every year to ensure that there is no incorrect information on it.

Reduce Debt

Here are some suggestions if, after your financial analysis, you find that there is enough money to cover all expenses and monthly debt obligations, and you want to reduce your debt quicker.

Use cash for new purchases

Unless you pay off the entire balance every month, you are probably paying interest on new credit card purchases from the date of the purchase. If you stop using your credit cards altogether, you will be able to reduce your debt more quickly. Because of compounded daily interest, it is far better to use cash for the things you need and adjust your budget to accommodate those expenses than to use credit cards and then struggle to send large payments.

Set your own payment

Establish a budget and a tracking system for your income and expenses. Then you will know how much money you have available for credit card payments. This amount must be more than the creditor's minimum payment. Once you have established amounts for each creditor, send your payments in regularly. When smaller balances are paid off, apply that money toward increasing the payments to your other creditors.

Pay more than the minimum amount due

When you compare the finance charge column and the minimum payment column, you might see that most of your payment is going toward interest and little goes toward the principal. When you increase your payment, the additional funds are applied directly toward the principal. Years of payments and thousands of dollars can be cut from the life of a debt simply by adding a few dollars to the payment.



For example, if your minimum payment is \$25 and \$19 dollars are going to pay interest, then that leaves only \$6 for the principal. If you increase your payment to \$31 this month, it is like making two months payments toward the principal - essentially doubling your payment. The more you increase your payment, the less you will ultimately have to pay.

Payment	Interest	Principal
\$25	\$19	\$6
\$31	\$19	\$12

Pay off higher interest rate cards first

Dedicate more money toward higher interest rate cards because you will ultimately save in interest. It is better to owe \$100 on an account that has an APR of 14% than to owe \$50 to one at 14% and \$50 to another at 19%. Note if there are cash advances on any accounts. Cash advances usually command higher interest rates than balances on purchases. Usually, your creditor will divide the payment on a percentage basis between the two balances. If you increase your payment, the creditor will divide additional payments along the same guidelines unless you specify otherwise. For accounts such as this, after you decide how much extra you can send, consider making the minimum payment as usual and write a separate check for the extra funds. Stipulate in writing that the extra payment is to be applied directly to the principal balance for cash advances. Verify how the payments were distributed in your future statements.

Pay your bills when you receive them, not when they are due

Most creditors use the Average Daily Balance method of calculating interest. Reducing the average daily balance by making your payment sooner will ultimately reduce the amount of interest you pay.

Don't accept your creditor's offers to skip payments

Interest continues to compound while you're skipping your payment. The longer your balance goes without a reduction, the more interest you'll pay. If you've established your budget and have scheduled payments, continue to make those payments until the balance is paid off.

Consider transferring balances to lower rate cards

You may receive offers of credit with low-interest teaser rates. These low rates are called teaser rates because they usually only last for 3 to 9 months. They offer to transfer balances from your other credit cards to theirs with the lower interest rates. In general, an opportunity to pay less interest is a fairly good idea but, if you are considering this step, you must consider more than the teaser interest rate. Examine the contract carefully before you apply for the card.

Use credit sparingly

Your balanced budget should include monthly payments to your creditors and also leave enough to make your other purchases with cash. You can use credit, but be sure to pay the full amount at the end of the month. Don't add more debt!

"Use your available resources"

DON'T FORGET THE BENEFITS

If you have been laid off, be sure to check with your former employer about benefits that are available to you.

Severance Pay

Although severance pay is not a requirement, your former employer might be offering it. You might also be able to negotiate to get some or more based upon your position and standing in the company.

Pension or Stock Options

Be sure to check with your former employer about any pensions or stock options for which you are eligible.

Occupational Coaching

Some employers offer outplacement services to laid off workers. Such services may include skills assessment, benefits fairs, or financial workshops.

Health Insurance

During a layoff or job change, insurance may not be the first thing on your mind, but it should be near the top of your list. To fully understand all of your options, you can call your state's insurance commissioner's office, ask for a consumer representative and have them walk you through your options. Make sure you find out what deadlines you have to meet to keep your insurance options open and what coverage options are available in your state. Here are five options for you to consider:

COBRA Insurance

The Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA), enables you to stay with your current insurance plan for approximately 18 months after leaving your place of employment. If you have pre-existing conditions, this option might just be the one for you. Keep in mind that COBRA members pay all the premiums themselves and monthly payments can be steep.

COBRA is available if you worked at a company with at least 20 employees, had health insurance through your employer and your former employer is still in business. Once your employer provides you with information on COBRA, you have 60 days to enroll.

Your Spouse's Plan

If your spouse is currently working, you should compare his/her cost and coverage with the COBRA plan. A positive of moving to your spouse's plan is you can't be excluded for any pre-existing health condition, such as a pregnancy.

Individual Insurance

Shopping for your own insurance plan can be very confusing, but if you are going to do it, start as soon as possible. Your state insurance commissioner's office can tell you about complaints against a company, the firm's reputation and its financial stability. Make sure you do your homework. Ask friends, family, or your former employer who they use. Develop a list of coverage options that are important to you. When contacting the companies, look at premium costs, policy coverage, participating physicians, exclusions and the co-pay cost.

State Sponsored Plans

If your former company is too small to qualify for COBRA, you might be eligible for a state insurance pool. Under federal law, every state must provide this choice, sometimes called a high-risk pool. You will have to pay the premium and, in turn, are eligible for group coverage. Also, every state has a low-cost insurance plan for children under 18.

No Insurance

Before you make this decision, evaluate your financial and health situation. Going without insurance is not typically a good option, as medical bills are a major reason many Americans end up thousands of dollars in debt.

With any decision, make sure you do your research and evaluate your options.

YOU'VE REACHED YOUR DESTINATION

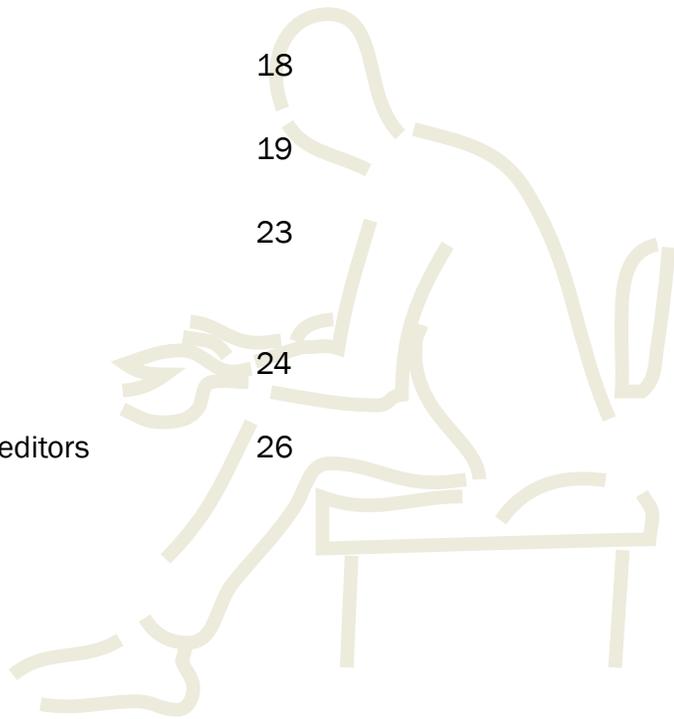
The work that you just put in to evaluate your current situation - set goals, review your finances, make adjustments and discuss issues with your family - is the same work required at least once each year as you plan for continued success with your personal financial life. Be diligent, persistent and organized. Think positive and make your finances a priority. Consult a financial counselor if needed. And finally, don't fail to plan, plan to succeed.

"Congratulations!!!"



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NET WORTH STATEMENT

In its simplest form, a net worth statement is what you own minus what you owe. Take some time to calculate your net worth and update it once each year.

ASSETS	YEAR	YEAR
Cash on hand	\$	\$
Cash in checking accounts	\$	\$
Cash in savings accounts	\$	\$
Current value of US savings bonds	\$	\$
Cash value of insurance policies	\$	\$
Equity in pensions	\$	\$
Current value of annuities	\$	\$
Retirement Funds (IRA, 401(k), 403(b), etc.)	\$	\$
Market value of securities	\$	\$
Stocks	\$	\$
Bonds	\$	\$
Mutual Funds	\$	\$
Market value of home and other real estate	\$	\$
Cash value of personal property	\$	\$
Automobile	\$	\$
Furniture	\$	\$
Appliances	\$	\$
Other (antiques, furs, jewelry, art, etc.)	\$	\$
Other assets	\$	\$
TOTAL ASSETS	\$	\$
LIABILITIES		
Balance on mortgages	\$	\$
Balance due on installment debts, i.e. auto loan	\$	\$
Balance due on charge cards	\$	\$
Personal loans	\$	\$
Current bills outstanding	\$	\$
Taxes due	\$	\$
Other liabilities	\$	\$
TOTAL LIABILITIES	\$	\$
NET WORTH (TOTAL ASSETS – TOTAL LIABILITIES)	\$	\$

ANNUAL BUDGET

Per Month

SOURCES OF INCOME	AMOUNT (NET)
Employment (Primary)	\$
Employment (Spouse)	\$
Social Security	\$
Pension	\$
Alimony or Child Support	\$
Commissions	\$
Other	\$
Other	\$
TOTAL MONTHLY INCOME	\$

SUMMARY OF EXPENSES	AMOUNT
Housing	
Mortgage	\$
2nd Mortgage	\$
Home Equity Loan/Line	\$
Rent	\$
Property Taxes	\$
Condominium Fee	\$
Homeowners/Renters Insurance	\$
House Repairs/Maintenance	\$
Gardening/Pool Service	\$
Other	\$
Other	\$
TOTAL HOUSING	\$

Utilities	
Gas	\$
Oil	\$
Propane	\$
Electricity	\$
Water/Sewer	\$
Trash Removal	\$
Telephone	\$
Cell Phone	\$
Other	\$
TOTAL UTILITIES	\$

Food	
Groceries	\$
Eating Out Lunch	\$
Dining Out	\$
Coffee/Snacks	\$
Kids Lunch Money	\$
Other	\$
TOTAL FOOD	\$

Transportation	
Auto Payment 1	\$
Auto Payment 2	\$
Auto Payment 3	\$
Gasoline	\$
Insurance	\$
Parking Fees/Tolls	\$
Auto Registration/Plates	\$
Public Transportation	\$
Car Repairs/Maintenance	\$
Other	\$
TOTAL TRANSPORTATION	\$

Health Care	
Health Insurance	\$
Prescriptions	\$
Co-pay/Deductibles	\$
Other	\$
TOTAL HEALTH CARE	\$

Education	
Tuition	\$
Books	\$
Student Loans	\$
Room/Board	\$
Day Care	\$
Newspapers/Magazines	\$
Other	\$
TOTAL EDUCATION	\$

Clothing	
Purchases	\$
Laundry	\$
Dry Cleaning	\$
Repairs	\$
Other	\$
TOTAL CLOTHING	\$

Personal Care	
Beauty Salon/Haircuts	\$
Cosmetics	\$
Manicure/Pedicure	\$
Toiletries	\$
Other	\$
TOTAL PERSONAL CARE	\$

Entertainment	
Cable	\$
Movies	\$
Music	\$
Sports	\$
Hobbies	\$
Internet	\$
Other	\$
Other	\$
TOTAL ENTERTAINMENT	\$

Pets	
Food	\$
Vet	\$
Insurance	\$
Grooming	\$
Other	\$
TOTAL PETS	\$

Other	
Tobacco	\$
Alcohol	\$
Religion	\$
Charity	\$
Lottery	\$
Vacation	\$
Gifts	\$
Other	\$
TOTAL OTHER	\$

Credit Cards	
#1	\$
#2	\$
#3	\$
#4	\$
#5	\$
TOTAL CREDIT CARDS	\$

Savings	
Emergency Savings Account	\$
Other	\$
Other	\$
TOTAL SAVINGS	\$
TOTAL MONTHLY EXPENSES	\$

SUMMARY	
Total Monthly Income	\$
Less - Total Monthly Expenses	\$
Monthly Surplus (Deficit)	\$

WAYS TO SAVE MONEY

Phone

- Use a timer to shorten calls
- Make calls when rates are lower (evenings and weekends)
- Compare rates at long distance companies
- Eliminate extra services you don't need (i.e. call waiting, speed dialing, etc.)

Transportation

- Car pool
- Combine errands to make one trip
- Fill up the gas tank and use cash
- Do routine maintenance on your car yourself
- Use public transportation if available

Health Care

- Prevent illness by eating well, getting plenty of sleep, and exercising
- Quit smoking
- Shop for generic brands
- Obtain medical care at public clinics
- Avoid policies for special risks, such as cancer insurance
- If you're normally healthy, raise insurance deductions
- Compare physicians and their office fees

Personal Care

- If possible, cut or trim hair at home instead of at the beauty shop
- Utilize the services of a beauty college to save money
- Use cleaners and moisturizers with basic ingredients; they cost less
- Utilize home remedies

Personal Finance

- Compare credit costs
- Payoff credit cards to avoid interest or, at least pay more than the minimum required
- Give children allowances for housework instead of just giving. Determine a percentage that they must save.
- If you are having problems financially, seek the advice of professionals
- Know your income and expenses
- Set your goals to work toward
- Make a spending plan and stick to it
- Save coins (change) in special boxes or jars - you'll see how they add up!
- Pay more than the minimum amounts against outstanding debts

Household

- Use one cleaner with ammonia instead of specialty products
- Do any routine maintenance you can instead of hiring outside people. Or, check your local shoppers guide for a handyman, possibly a senior citizen.

Clothing

- Shop sales, off-season if possible
- Resale shops are a good source of clean, low priced clothing
- Avoid buying clothes that must be dry cleaned or that require special handling

Food

- Make a grocery list and stick to it
- Make menu plans
- Avoid prepackaged foods in individual servings
- Check unit prices for value
- Don't shop when you are hungry
- Use coupons for foods you purchase regularly
- Buy in bulk or larger sizes for savings

Sales

- Try generic brands
- Don't overspend on meats. Use less expensive cuts and marinate them.
- Shop at farmers markets or U-Pick farms
- Avoid paying with your credit card unless you can pay back the full amount within the billing cycle. Otherwise, all your tricks for saving money at the grocery store just went to pay the interest.
- Take advantage of weekly specials or foods in season
- Comparison shop through catalogs or by using your Yellow Pages

Entertainment

- Go to movie matinees - they are usually cheaper

TOUGH-TIMES LETTER TO CREDITORS

Your Address

Date letter was written

SAMPLE

Creditor Name

Address

RE: Account Number

Dear **(Creditor Name)**:

I am writing this letter to request a temporary change in the repayment terms of my account. Since I have become unemployed, I have had to make some financial adjustments.

I do have some income from (unemployment, spouse's employment, severance, etc.) However, when I carefully examined my financial situation and made a strict budget for my basic expenses, it also became necessary to ask each of my creditors to accept reduced payments for (number of) months.

I would appreciate your cooperation in making this payment plan work. In place of my regular monthly payments of \$ _____ due on the _____ of the month, I am requesting that you accept payments of \$ _____ paid on the _____ of the month. I assure you that I will add no further debt until my financial situation improves.

I will begin making normal payments again as soon as possible. I regret that I have to ask for this consideration and hope that you will understand. When there is a change in my situation, I will notify you immediately and in any event, I will re-contact you in 60 days.

Your understanding during this difficult time is most appreciated.

Sincerely,

(signature)

Name Printed



NEW DIRECTIONS: SURVIVING A LAYOFF OR JOB CHANGE

Experiencing a layoff or unexpected change in employment during any point in your life can be a scary and emotional situation. While you might undergo a bit of turmoil for awhile, there are steps you can take to help ensure a quick and manageable recovery. With *Surviving a Layoff or Job Change*, you will learn ways to regroup, reevaluate, and plan for the future.



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