

# 12 Tips to Help You PREPARE FOR ANY ECONOMY

By Vernon Doswell



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**I**ncreasing gas prices, market volatility and housing challenges. What can you do? These 12 tips can help you get in great financial shape, no matter the economic cycle. If you tackle at least one a month, you could be in much better financial shape by next tax season.

**Set one goal – Keep it simple.** How about eliminating your credit card debt? If eliminating your entire debit is too big a hurdle, choose one card and pay it off. Divide the balance by 12, and pay that amount each month in addition to the monthly minimum. Before long, the balance will be zero, and you'll be ready to pay down the next card.

**Try a cash-only plan** – To get a realistic view of how much you're spending, try living without credit for one month. Instead, use only your debit card, checks, and cash. If you can't cover your expenses with cash, then you're "living on credit."

**Get good advice** – Talk to your financial services provider. The best advisers will take time to understand your current financial picture and goals. Then they'll work with you to develop a custom plan, and they'll keep working with you as your needs change – a new baby, a new home, or pending retirement, for example.

**Start saving** – You can do it – even if you're paying off debt or have never saved before. The key is to start small, and start now. Next time you're thinking of a small purchase – a latte or a magazine, for example – put that money aside instead. Each evening empty your pockets or purse of change and put it in a jar, and tuck in the dollars you saved on that latte. You'll be surprised at how quickly two dollars here and a dollar there can add up to \$20 a week or more. Ask your financial adviser about automatic deposits and transfers to a savings. Either can make it even easier to set money aside.

**Contribute to your 401(k)** – Again, start

small – even if it's the minimum contribution each pay period. After you get used to living on that amount, increase the contribution by one percent. Repeat the process until you reach the maximum allowable contribution. Many employers will match your 401(k) retirement contribution up to a certain percentage. That's "free" money.

**Put your estate in order** – If you don't have a will, write one this year. Talk to your financial adviser about estate planning options, such as a living trust. If you already have a will or trust, make a date to update them.

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**Put your money to work** – Ask your adviser about investments that you can begin on a small scale and add to in small increments. Do a little homework online – the best financial services providers offer free advice on their websites. Learn how compound interest can grow your savings. Start early and invest a little each month. Set a date to review existing investments.

**Schedule an insurance review** – The value of your home and personal property changes over the years. Your family circumstances also may have changed. Consider your deductibles. If, in an emergency, you can afford a larger deductible, consider raising it, as doing so could provide a significant reduction in your insurance premiums.

**Update your retirement plan** – While this is important at any age, it's essential if you're one of the millions of baby boomers nearing retirement age.

**Teach your kids money management** – One of the best gifts you can give your children is a financial education – especially by providing them a good example through your own actions. A banking account – one that allows your teen

**Create a personal finance file** – Are your financial records and important documents scattered in shoeboxes and desk drawers? Organize them in one place – and make sure that someone in your family knows where to find them, in case of emergencies.

to practice basic money management skills while providing parents with oversight and control – is a great way to help your teens learn about money.

Being a good steward of your resources could help you command greater control over your own finances. You also may find yourself working toward a financial strength that could be used for a higher purpose than your own.

For more great financial information, go to Wells Fargo's free financial education program "Hands on Banking" ([www.handsonbanking.org](http://www.handsonbanking.org)) or "El Futuro en Tus Manos" ([www.elfuturoentusmanos.org](http://www.elfuturoentusmanos.org)). Hands on Banking is a free, fun financial educational program that presents the basics of smart money management in an easy-to-use format, customized for four age groups from fourth grade through adults.



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## There Is HOPE!

By Joanne Campe

**O**h Lord, not again," my husband, Vernon, prayed. "How do I break this cycle? I'm close to being out of debt, and then I go and spend money when I should have said NO!"

At that moment Dave Ramsey with Financial Peace University came on the radio talking about finances and captured Vernon's heart. He then told me about the program and we agreed to go through this seminar with several other couples.

Here are a few of Dave's suggestions to get rid of debt:

1. Establish an emergency fund.
2. Use a debit card, but not credit cards.
3. Don't spend money unless you have it.
4. Maintain a written budget, spending money on paper before paying bills.
5. Have a garage sale and/or get a part-time job.
6. Live on rice and beans.

Some suggestions are simple, yet it all takes discipline. "No discipline seems pleasant at the time, but painful. Later on, however, it produces a harvest of righteousness and peace for those who have been trained in it" (Hebrews 12:11).

With a lot of prayer and listening to God, we got out of debt and stayed out of debt. What a wonderful feeling! Now we teach the class to others at our church. They are like sheep, scattered and harassed. "The rich rule over the poor, and the borrower is servant to the lender" (Proverbs 22:7). To be stooped over in debt is certainly a plan of the enemy to keep people defeated. Many marriages are falling apart because of financial problems.

Parents need to teach their children how to spend money wisely, so they don't grow up with the same kind of problems. Many young people don't have a clue about using credit cards. They don't realize how

interest mounts up when credit cards are not paid on time. Some people have no sense about not going over the limit. If credit runs out on one card, they conveniently get another one. Credit cards are easy to obtain. They sucker a person in with all the glitz the world has to offer and often become addicting.

At our classes people become better acquainted and help each other with problems. At first many people want to hide their financial problems. The truth is: Most people are in the same boat. Get rid of the pride! Do you want to change or stay in that position forever?

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As I watch my husband work with people on their budgets, I am amazed how just a few changes can make a big difference. If you have two car payments, get rid of one or both, and buy used cars with cash. Shop for groceries at a no-frills discount store.

Choose an accountability partner, someone who is out of debt, who is experienced and trustworthy. Get your priorities right. Tithe first. Pay home, food and utilities next; then make minimum payments on other debts. Pay off the smallest debt first. When it's gone, move up to the next smallest debt. In time you will be out of debt (snowball debt reduction) and ready to invest in the future. "He who gathers money little by little makes it grow" (Proverbs 13:11).

There is hope! You can be victorious through God's strength. "May He give you the desire of your heart and make all your plans succeed" (Psalm 20:4).

