

# Tips to Navigate Financial Challenges

Everyone has financial challenges at one time or another. Tackling your money problems head on can help you find a way through the financial dilemma, ease your stress levels and help you regain control of your finances, and your life. Following are tips to help you get on track with controlling your finances.

## Develop a monthly budget.

This can keep you on track with your spending, and help you regain a sense of control, regardless of how you plan to resolve your financial problems. In order to do this effectively, you need to determine what income you have, all your expenses and your habits of how you spend money.

## Identify what needs the most attention.

Review your income and expenses and write them down. List all your debt, including past-due bills and late fees, and list minimum payments due as well as any money you owe to family or friends.



## Get professional advice.

Many people are not taught about finances. Depending on where you live, there are a number of organizations that offer free counseling to help deal with financial problems, whether it's managing debt, creating and sticking to a budget, finding work, communicating with creditors, claiming benefits, or financial assistance. Other non-profit agencies include Consumer Credit Union and MilitaryOneSource.



# Make the Most of Your Income



- **Determine your actual income.** Include your salary, bonuses, benefits, alimony, child support, investments, or any interest you receive. If you've bought new items or gifts you won't use, return them for credit. Some websites will even buy back gift cards. Use gift cards for essential items only, for example, use a Visa gift card for groceries or an electric bill.
- **File your taxes early.** This way you can use any money that is returned to you for paying down your debt. Or, if you don't get money back, this will assist you in your budget planning. You can work with the IRS on a financial plan to pay back anything you owe.
- **Adjust your withholding.** If you tend to get money back from taxes, this will put more money in your pocket each week to spend on necessities and help you with your budget.
- **Apply any bonuses or raises towards paying off your debt.** Since it is "new" money to you, you won't notice it when you use it automatically to pay down any debt.
- **Cash out vacation time or paid time off.** Use this extra money to pay down your debt.
- **Earn additional income.** Work overtime or perhaps look for a second job or do some temporary work. There are many part-time jobs available that you can do to earn extra money. Every little bit helps.
- **Skip the expensive vacation.** Consider less expensive vacations, like a local camping or road trip, or even a stay-at-home vacation can be very refreshing.
- **Eat out of your pantry and freezer.** We sometimes forget what we have in those locations, so buy only the basics and meal plan with what you already have.
- **Look at what you can sell or cancel.** Old clothes or items that you don't use anymore can be sold. Cancel gym memberships that you don't use, or cancel other memberships that might not be really necessary.
- **Talk with creditors or other companies.** See if you can negotiate better terms for owed bills or services you need, or perhaps change services. Consider cancelling cable and looking for a less expensive option. Shop around for better rates on your cell phone. Sometimes just the call to your current provider letting them know you are considering switching can make them offer you a better rate.
- **Cancel cards you don't use or need.** If you don't use them, cancel the credit cards that have annual fees. It will also be less tempting to use them if you don't have them. Or, if you can't go that far, put your credit cards away in a safe place and only use them in case of an extreme emergency.
- **Keep looking for ways to save money.** Most of us can find something in our budget that we can eliminate to help make ends meet. Regularly review your budget and look for ways to trim expenses. Enlist support from your spouse, partner or children. Make sure everyone in your household understands the financial goals you're working towards.

# Spending and Expenses

## Prioritize your spending.

If you're having trouble covering your expenses each month, it can help to prioritize where your money goes first. For example, feeding and housing yourself and your family and keeping the power on are necessities. Paying your credit card bill isn't, even if you're behind on your payments and have debt collection companies calling you. Work with a financial expert to assist you.



## Keep track of all spending.

Tracking will help you identify spending patterns and triggers. If you notice a pattern, for example, when boredom or a stressful day causes you to go shopping, write it down. Understanding exactly how you spend your money is key to budgeting and devising a plan to address your financial problems.

## Focus on high interest credit cards first.

Pay more than the minimum amount if you can. Talk with a creditor about lowering your interest rate. Let them know you are having financial issues. Consider if you should move the debt to another card with a lower interest rate or look at getting a loan from your family, 401K or maybe a home loan. However, get professional advice before you make decisions.

## Deal with impulse spending and shopping challenges.

Impulsive buying can wreck your budget and max out your credit cards. To break the habit, try making a rule that you'll wait a week before making any new purchase. Stop shopping for shopping's sake. Only buy the basics you need. You'll find through time and practice, you can live

with much less than you had thought. If shopping is a habit, find something else to do with your time. Shopping can be an escape for some people, so find a healthier way to escape, like meditation, visualization, a new hobby, or reading.

## Give yourself an allowance.

This should fit within your budget. If you have an allowance, you may not feel as deprived of money and you can be creative in how you stay within your allowance. For example, take your lunch to work versus going out for lunch, which can add up quickly.

## Don't get derailed by setbacks.

We're all human and no matter how tight your plan, you may stray from your goal or something unexpected could happen to derail you. Don't beat yourself up; try to stay positive and get back on track as soon as possible.



Financial tips were based on information from HelpGuide Stress Management, Coping with Financial Stress; Bank of America, How to Tackle Financial Stress; The Simple Dollar, How to Handle Post-Holiday Stress; Living on the Cheap, 21 Ways to Deal with Post-Holiday Financial Hangover; and TheDollarStretcher.com, Living Better for Less, Top 10 Reasons People Over Spend.