

## YOUR FINANCIAL FUTURE

# Save for a Rainy Day

You've no doubt heard the adage, "Save it for a rainy day." It's a popular saying for a very good reason. Preparation helps you deal with many of life's challenges—including unplanned reductions in income.

Adopting responsible financial practices and saving your hard-earned money provides you with security and peace of mind in good times and bad. Living on less isn't always easy, but with a little planning and a positive attitude, you can deal with most financial setbacks.

As the new year begins, it's the perfect time to get financially fit.

- Take stock of what you can do to avoid being hit with a financial shock.
- Avoid the urge to procrastinate.
- Make a list of the ways you will prepare for the unexpected.
- Mark your calendar with the date that you will get started.

### Saving Money Is Easier Than You Think

- Leave your charge cards at home.
- Pay cash for everything.
- Substitute generic products for brand name products.
- Buy nonperishable food items in bulk, when they are priced better.
- Use discount coupons.

So take a deep breath and check out the information in this issue of *Your Source*. Find out ways to get your financial house in order, manage stress brought on by money concerns and teach your children the value of a dollar.

**Go Online Today!** Log on to your program's website to access *Your Financial Future* and other helpful resources in the *Spotlight* section.



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### Oops! Which are common financial mistakes people make?

- A. No established budget
- B. Buying "too much"
- C. Running up credit card debt
- D. Daily habits that add up (coffee, cigarettes, eating out)
- E. All of the above

*Check your answer on the bottom.*

### *Now That's an Idea!*

#### Don't Let Money Stress You Out

Some stress is a normal part of life. Yet money issues can put an inordinate amount of stress on an individual and a family. Along with developing a plan to get or keep you out of debt, use these three simple steps to help keep stress from becoming a bigger problem:

1. Take time to step back from the situation and just relax.
2. Talk with a friend or loved one about what is bothering you.
3. Learn to recognize what is important in life and what isn't.

And always remember, a healthy lifestyle improves your physical and mental energy and makes you better equipped to handle problems when they arise.

*Answer: E. All of the above.*

# Expect the Best, Yet Plan for the Worst

Even in good financial times, it is wise to plan for a rainy day. Here are tips to prepare you for a change in your financial situation:

- **Start an emergency fund.** Start putting aside money equal to about three to six months of salary in an interest-bearing account. Try using an automatic deposit feature so you don't miss a deposit.
- **Eliminate high-interest debt first.** Cut spending to eliminate or reduce credit card, auto and home equity debt. That becomes the most punishing kind of debt if you experience an income reduction.
- **Network.** It's always a good idea to establish relationships with your peers. Making time to network can lead to job prospects if needed.
- **Get a line of credit.** If you own a home, consider taking out a home equity line of credit and vow not to use it unless you run into a serious cash flow problem. If you don't use it, it won't cost you anything. Make sure you apply for the line while employed as lenders want to see steady income.
- **Study, study, study.** Utilize any education benefits that your employer offers. Continually improving your skills has a positive impact on your future employment and compensation prospects.
- **Apply for disability coverage while you're still working.** Personal disability coverage is increasingly important as companies continue to pare benefits. It especially makes sense to buy personal disability coverage based on your current income, because you won't be able to buy as much if your income goes down.
- **Do not spend from your retirement savings.** Don't tap into retirement savings if things get tough. Find another way to shore up your cash flow.



## Start 'em Early!

Most kids do not have a good understanding of the value of a dollar. Early lessons go a long way in creating positive habits that last a lifetime.

A great way to teach children about money is by example. Let kids see your daily money management habits like budgeting for family expenses, paying bills, making deposits to a savings account, using credit cards and withdrawing cash from the ATM. Show them why sometimes it's better to wait for a sale.

At the same time, get your children involved in handling their own finances to let them see that money comes from work and taking on responsibilities. Set up a bank account for them to illustrate how their savings

gives them independence by allowing them to purchase things beyond what their parents provide. And consider giving them an allowance for chores completed to show them that money has to be earned.

Remember, it's never too early to teach healthy financial habits.

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