



## How to Keep Your Cool During the Financial Meltdown

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Everywhere you go, you hear about how awful the economy is, but you don't have to let all the talk of our country's financial meltdown get you down. You *can* keep your cool.

Don't let fear of the future take control of your mind and emotions. ***When we live in fear, we make bad decisions, think irrationally, and are in a reactive mode.*** Living in fear actually makes the situation *far worse*.

**To help overcome the fear of your financial future, here are some proactive things you can do:**

- **Turn off the news.** Why would you want to listen to bad news over and over? We already know the state of the economy, so listening to a news reporter talk doom and gloom all the time isn't necessary.
- **Ensure you're on a budget and living within your means.** If you need to cut back, then find ways to do so. There are many, many ways to reduce the cost of living with a little planning and effort. Here are some examples:
  - Reduce your cell phone bill
  - Get rid of your land line if you have a cell phone
  - Shut off the cable (who needs it anyway?)
  - Turn off the lights and unplug electronic devices when not in use
  - Turn your thermostat down in winter and wear sweaters to keep warm
  - Open windows in the summer instead of turning on the air conditioner
  - Use coupons and shop for the weekly sales at your local grocery store

- **Plan ahead by setting up an emergency fund.** Of course, this involves living on a budget so you can save enough money from your income for emergencies. An emergency fund is usually a minimum of \$1,000 in savings at all times and is used for *emergencies* like unexpected vehicle repairs or medical needs. If you can afford more, then save more!
- **Plan for the future by getting rid of debt and using cash only.** Again, this requires living on a budget, but it can be done.

### How to Budget in a Recession

Since we're talking about budgeting so much and it's the best way to keep your cool during the financial meltdown, ***let's talk about ways to set up a budget and reduce debt.***

- **Figure out your income after taxes.** Know what you're bringing in each month so you can determine how much you have to spend. Sounds obvious, but why is it so common for people to spend way more than they make? Far too often, people don't know how much they *really* make, nor where the money goes!
- **Make sure your living needs are met.** These things include your house payment, utilities, food, and property taxes.
- **Next, make sure your transportation to get to and from work is taken care of.** Things like your vehicle payment, gas and maintenance. This is one area you may be able to cut back on as well. If you're making a car payment, try to sell the car and buy a used one with cash. You may also want to consider taking public transportation more often.
- **Pay off credit card debt.** Start paying off the card with the highest interest rate first. Once that card is paid off, put your payments toward the card with the next highest interest rate and so on, until each card is paid off. You may also want to contact a financial planner to discuss consolidating the debt to make it more manageable.
- **Once your credit card debt is paid off, begin putting all the money you were paying out into savings.** The goal is to build your savings up to at least 6 months worth of income in case something happens, like job loss or disability.

By following the steps above, with diligence and determination, ***you can be debt free and survive the financial meltdown!*** Of course, this won't happen overnight and you'll probably have to adjust your lifestyle so you can live below your means, but doing so will help secure your future financially.