

Your Personal Financial Check-Up

It's Not Just About The Numbers!

Disagreements about money and finances are the leading problems facing families today. As you see retirement looming on the horizon, it becomes increasingly important to have ways to discuss and solve problems around money. Learning how to navigate these challenges can make all the difference in our financial 'mental' health. Here are a few tips that will help to improve communications and money management as you engage in a "personal financial check-up". Keep in mind that understanding your financial behaviors and emotions is as important as adding up numbers and balancing check books!

- 1. Understand underlying differences:** Rather than getting lost in an argument over the purchase of a particular item, try to understand the bigger issue. What are your partner's or family's overall hopes and dreams? As your work, emotional and financial situation changes with retirement, what is really important to all the 'stake-holders?' Strive to understand how other people feel; then communicate your own needs. For example you might say, "When you decide to spend money on expensive things without talking to me, I feel that you don't value my opinion or ideas...I'd like to be included."
- 2. Develop a household budget together:** This is perhaps the hardest thing for individuals or couples to do. It is very useful to sit down to review the expenses that you anticipate for the coming years and set spending priorities for either yourself or for the family.
- 3. Reach agreement on areas to cut back:** Develop short-term, medium and long-term plans to reduce spending on a few types of expenses. This will lead to a sense of cooperation and teamwork. Setting a few reasonable goals can help create hope and a sense of control whether you live with others or live alone.
- 4. Get your financial paperwork organized:** People need to know where important papers are kept (bank statements, on-line information, insurance policies, tax records, investment information). Maintain a system for filing and paying current bills and agree on deadlines to prevent overdrawing accounts. Keep on top of this – it's easy to slip into disorganization. Make sure key people in the family know where things are.
- 5. Have a 15 minute "finance meeting" each week:** Couples and families that spend a few minutes each week to review current expenses (birthdays, holidays, and unanticipated costs) stay on the same page. This can keep up morale and decrease arguments in the long run.
- 6. Have a rule about big expenses:** All decisions to spend over a certain dollar amount should be discussed ahead of time. Seeing yourselves as financial partners will enhance trust and intimacy.
- 7. Don't cover-up financial problems:** As difficult as it is to admit that there is a money problem, putting off the discussion will only lead to more serious problems. One of the benefits of sharing challenges with trusted friends or family members is to share the responsibility of solving the problem. Remaining silent will only lead to greater mistrust later.
- 8. Meet with a financial advisor:** Sitting down with finance professionals or accountants can give you a fresh perspective on short and long-term goals and objectives. These will change as you grow older and life circumstances change.