### #1

# **Determine Your Net Worth**

A net worth statement is simply a listing of all you own and all you owe; the difference between the two is your net worth. Your net worth is like a financial report card. Knowing your net worth gives you a good idea of your financial situation.

To figure out your net worth, fill out the following worksheet. This information becomes a benchmark you can use to measure your current financial status relative to others and to where you want to be, from year to year.

#### Unhappy with your net worth?

If your net worth isn't what you want it to be, don't despair. Prioritize both your assets and your liabilities. Which assets are most important to you and your standard of living? Are there any you could do without? Which liabilities need to be paid off first? Consider interest rates and other terms for any loan you have, and then come up with a plan to pay down your debt. Part III can help.

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Assets	Value	Liabilities	Balance
Cash Accounts Checking Savings Money Market Cash on Hand	\$ 	Home Mortgage	\$
Personal Use Assets Residence Personal Property Auto(s) Boat(s) Vacation Home Other	\$ 	Home Equity Loan/Line of Credit Auto Loans	\$
Investment Assets Brokerage Accounts Mutual Funds IRAs 401(k), 403(b) Other retirement plans	\$ 	Investment Loans Margin Account Loans Against 401(k), 403(b)	\$
Cash Value of Life Insurance Policies	\$	Loans Against Life Insurance	\$
Loans / Accounts Receivable	\$	Loans / Accounts Payable	\$
Deferred Compensation	\$	Salary Advances	\$
Total Assets	\$	Total Liabilities	\$
		Total Assets Minus Total Liabilities = Net Worth	\$

#2

# **Calculate Spendable Income**

To figure out your spendable income, first gather two to four copies of recent paycheck stubs and complete the worksheet that accompanies this tip. *Note:* Some deductions occur monthly rather than per pay period, so two to four consecutive paychecks should reveal all deductions. If you receive two paychecks per month and a certain deduction occurs only on the first paycheck, divide this amount by 2 when completing the worksheet.

1.	Gross Income per pay period	\$
	Minus:	
	Taxes	
	Federal	\$
	State	\$
	Local/City	\$
	Social Security (FICA)	\$
	Medicare	\$
2.	Total taxes withheld	\$
	Automatic Payroll Deductions	
	Medical Insurance	\$
	Life Insurance	\$
	Disability Insurance	\$
	Dental Insurance	\$
	Charitable Contributions	\$
	Retirement Plan 401(k), 403(b), and so on	\$
	Retirement Plan Loan Repayment	\$
	Deferred Compensation Plan	\$
	Employee Stock Purchase Plan	\$
	Flexible Spending Acct FSA (Section 125)	\$
	U.S. Savings Bonds	\$
	Other Automatic Drafts for Investments	\$
	Other Automatic Drafts for Expenses	\$
3.	Total payroll deductions (excluding taxes)	\$
4.	Net income per pay period (Line $1 - [Line 2 + Line 3])$	\$
5.	How many times are you paid per year?	
	a. Weekly = 52	
	b. Every other week $= 26$	
	c. Twice a month = 24	
	d. Monthly = 12	
6.	Multiply Line 4 times Line 5 for annual net income	\$

List traditional job-related expenses (annual)	
Expense	Annual Cost
Commuting costs	\$
Clothing and clothing maintenance	\$
Child care	\$
Unreimbursed business expenses	\$
3. List nontraditional job-related expenses (annual)	
You may incur these expenses due to the stress of your vorking conditions. Examples include dining out freque vorking long hours, going out for lunch instead of prep- reating yourself to much-needed massage therapy or v lecompress from the stresses of your job, and so on.	ntly because youire aring them at home,
Expense	Annual Cost
	\$
	\$
	\$
	\$
	_ \$ _ \$ _ \$
	\$
	\$\$
	\$\$ \$
	\$\$
	\$\$ \$ \$\$
Total annual expenses on Lines 7 and 8	\$\$ \$ \$ \$\$
•	\$\$ \$ \$ \$ \$ \$\$
· · · · · · · · · · · · · · · · · · ·	\$\$ \$ \$ \$ \$ \$ \$ \$

# Subtract Required Expenses

Your required expenses, or needs, must come first. To figure out what your required expenses are, fill out the next worksheet. (Sorry — no enhanced phone services, cellphones, cable TV, or high-speed Internet, unless required for employment, are included in needs.)

### Cut back on unrequired expenses

You can reduce the amount of money you spend in all kinds of ways, and many of them don't require that you reduce your standard of living only that you make more deliberate decisions about what's important to you and what you need. For example, consider the following:

- Can you change your phone package to eliminate the services you don't use and the fees associated with them?
- Can you downgrade your cable package to save money and still get the majority of the channels that matter most to you?
- Are you paying a monthly service fee to have a checking account? You don't have to; you can find lots of options on the Internet and in your community.
- Are you paying an annual fee for your credit card? Are you getting substantial value out of paying that fee? If not, cancel that card and use one that doesn't charge an annual fee.

Required Monthly Expenses (Needs)		
Shelter:		
Home Mortgage or rent	\$	
Utilities:		
Electric	\$	
Gas	\$	
Water, sewer, and trash pickup	\$	
Basic phone service	\$	
Protection: Include the things you can't afford to be without.		
Life insurance	\$	
Disability insurance	\$	
Homeowners or renters insurance	\$	
Health insurance	\$	
Auto insurance	\$	
Healthcare/medical and dental care	\$	
Prescription drugs	\$	
Child care	\$	
Rainy-day fund (minimum of 10 percent of gross income)	\$	
Food: This category doesn't include dining out.		
Groceries (basic essentials only)	\$	
<b>Clothing and clothing maintenance:</b> Presuming that you have some clothes now, ask yourself what else you really need.	\$	
Basic Hygiene:		
Personal: Toothbrush, deodorant, soap (for example)	\$	
Household: Laundry detergent, toilet paper, and so on	\$	
Transportation:		
Automobile loan or lease payments	\$	
Auto maintenance	\$	
Gasoline	\$	
Other: Tolls, parking, public transportation	\$	

#### Legal Requirements:

Real estate and property taxes	\$
Child support	\$
Alimony	\$
Required debt payments not listed elsewhere	
School loans	\$
Personal loans	\$
Credit cards	\$
Other debt	\$
Total required monthly expenses (Needs)	\$
After-tax income (from previous worksheet, Line 1 – Line 2)	\$
<b>Note:</b> If you included all expenses for the household, add the after-tax income of both spouses/partners together.	
(After-Tax Income minus Total Needs) Surplus or Shortfall	\$

# Solve for Shortfalls

If you have a shortfall after you calculate your required expenses (refer to the preceding worksheet), something's gotta give. Consider the following suggestions when you're faced with a shortfall:

✓ Don't completely cut any required expenditures. You may be tempted to drop insurance coverage and/or save the amount of money you need to be saving for a rainy day. You aren't doing yourself any favors by skipping these items, and the decision will come back to haunt you sooner or later.

- Review each of the needs categories and consider ways to reduce necessary expenses. You may be able to obtain less expensive insurance and save money on groceries, clothing, and transportation by shopping around.
- Consider your employment. Often, the only reasonable option you, your spouse, or your partner has is to increase income by working overtime (if that's an option), taking on a part-time job, or changing jobs.

Tracking your expenses is especially useful when your outgoing cash flow exceeds your income. For a clear picture of what you're spending money on (you'll be surprised how much you fritter away), keep a log of every cent you spend. Write down everything, whether you purchase a soda at work, buy gasoline on the way home, or go to the movies. Also track whether you paid by cash, check, or debit or credit card; who you paid; and whether the expenditure falls into the need or want category.

# **Create a Monthly Budget**

Does the word *budget* send chills up your spine? It shouldn't. Budgets allow you to be organized and have some control over what you spend. They help you to decide how to spend your money, plan for your future, pay off existing debt, and save a few pennies each month by reducing wasteful and impulsive purchases.

# Step 1: Categorize Your Expenses

When you begin setting up a monthly budget, start with big categories before breaking your budget down into smaller expense categories. A good list of basic budget categories to begin with includes the following:

- ✓ Housing: Mortgage/rent, repairs, property taxes, cleaning supplies, homeowner's/renter's insurance, utilities, furnishings, decor
- ➤ Food: Groceries, meals out, pizza delivery, snacks and beverages at work
- Transportation: Car payments, insurance, gas, oil changes, parking, repairs and maintenance, public transportation fees

- Medical: Insurance, out-of-pocket expenses such as deductibles and non-insurance covered medical services, pharmacy, eye care, dental
- Clothing: New purchases, dry cleaning, repair
- Personal: Cosmetics, haircuts, cleansers
- Insurance: Life insurance and any other insurance not covered under home, transportation, or medical expenses
- Education: Tuition, dues/fees, school pictures, yearbooks, school supplies, books
- Credit accounts: Major credit cards, department store cards, lines of credit through your bank or other lender, any other outstanding debt
- Gifts: Holidays, birthdays, graduations, weddings, showers
- Recreation: Vacations, movies, books, magazines, newspapers, cable TV, restaurants, sporting events, sports equipment
- Savings: Long-term and short-term goals, as well as retirement
- ✓ Taxes: Property and excise tax, for example
- ✓ Donations: Charities, religious groups, and so on



Be sure to set aside money each month for those yearly and quarterly payments that often sneak up on you when you least expect them. If you spend \$1,200 on your yearly property taxes, divide that number by 12 and set aside \$100 per month so you aren't caught off guard by your property taxes, insurance payments, or any other periodic bills.

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Within each general budget category, some items are essential (the mortgage or rent payment, electric bill, and groceries); others are extra (new furniture, gifts, and pizza delivery). From your first list of general budget items, develop two separate budget lists, one for essentials and the other for extras. Then look through these lists to find flexible budget expenses where you can cut back by using the tips and advice throughout this book. Put a star next to these flexible items so you can identify them.

## Step 2: Estimate What You Spend

Go through your checkbook and any other receipts or records you've kept over the past few months so you can track how much you actually spend on essentials. Then for one month, keep a detailed diary of all your extra purchases, even for cheap things like newspapers or coffee from the vending machine at work. Little expenses quickly add up to big money when they're made on a daily basis. These smaller, out-of-pocket purchases are frequently made with cash, so they usually don't show up in your check register; writing them down makes you aware of where the cash is dribbling out of your life.

For keeping track of your budget, take a look at office supply stores for an easy-to-use, inexpensive family budgeting book. If you want something small that you can carry with you at all times, the BudgetMap (budget map.com) is a specially designed ledger that fits in your personal checkbook and takes the fuss out of making and sticking to a budget.

## Step 3: Calculate and Adjust

Are your spending habits keeping you in the red? To find out, add up the essentials list and the extras list separately. Subtract the essentials total from your monthly income. If you have money left over, subtract the extras total from that amount. If you still have money left over, great! Look into a savings or investing plan (talk to your bank or a certified financial planner for help setting up a plan).

If your extras list takes you into negative numbers, start looking for places to cut back (for example, cancel your newspaper delivery or eat out once a month instead of once a week). You can also trim from the extras list to put more money toward debt repayment if that's a high priority in your financial picture.

# **Breathe Away Tension**

A s the economy heads south and you tighten your budget to keep spending under control, stress and tension creep into your life. You can't control the economy, but that's okay — truly living well is about far more than money. On the other hand, no matter how good things get, stress always leeches the fun out of the good life. Breathing properly is one of the simplest and best ways to drain your tension and relieve your stress. Simply by changing your breathing patterns, you can rapidly induce a state of greater relaxation. If you control the way you breathe, you have a powerful tool in reducing bodily tension and increasing your joie de vivre.

# Change the Way You Breathe

Changing the way you breathe can change the way you feel. Here's one of the best and simplest ways of introducing yourself to stress-relieving breathing:

1. Lie down or sit comfortably, and put one hand on your belly and your other hand on your chest.

- 2. Inhale through your nose, making sure the hand on your belly rises and the hand on your chest moves hardly at all.
- 3. As you inhale slowly, count silently to three.
- 4. As you exhale, slowly count to four, feeling the hand on your belly falling gently.

Pause slightly before your next breath.

5. Repeat Steps 2 through 4 for several minutes and whenever you get the chance.

# Breathe through an Emergency

Breathing properly is no big deal when you're lying on your bed or vegging out in front of the TV. But what's your breathing like when you're caught in gridlock, when you're facing down a deadline, or when the stock market drops 20 percent? You're now in a crisis mode. You need another form of breathing. Here's what to do:

1. Inhale slowly through your nostrils, taking in a very deep diaphragmatic breath.

Fill both your lungs and your cheeks.

- 2. Hold that breath for about six seconds.
- **3.** Exhale slowly through your slightly parted lips, releasing all the air in your lungs.

Pause at the end of this exhalation.

- 4. Now take a few normal breaths.
- 5. Repeat Steps 1 through 4 two or three times and then return to what you were doing.

This form of deep breathing should put you in a more relaxed state.

**Tense Your Way to Relaxation** 

The uncertainty of a faltering economy can tie anyone in knots, despite even the best of efforts to keep things in perspective, set priorities, and take control. Fortunately, one of the better relaxation techniques actually uses tense muscles to your benefit. It derives from a method called *progressive relaxation*, or deep muscle relaxation.

This method is based on the notion that you aren't aware of what your muscles feel like when they're tensed. By purposely tensing your muscles, you're able to recognize what tension feels like and identify which muscles are creating that tension. This technique is highly effective and has been proven to be a valuable tool for quickly reducing muscle tension and promoting relaxation.

## Relax Your Body, Part by Part

When you have some time, follow these steps for progressive relaxation:

### 1. Lie down or sit, as comfortably as you can, and close your eyes.

Find a quiet, dimly lit place that gives you some privacy, at least for a while.

#### 2. Tense the muscles of a particular body part.

To practice, start by tensing your right hand and arm. Begin by making a fist. As you clench your fist, notice the tension and strain in your hand and forearm. Without releasing that tension, bend your right arm and flex your biceps, making a muscle the way you might to impress the kids in the schoolyard.

Don't strain yourself in any of these muscle tensing maneuvers. When you tense a muscle group, don't tense as hard as you can. Tense about ¾ of what you can do. If you feel pain or soreness, ease up on the tension, and if you still hurt, defer your practice until another time.

3. Hold the tension in the body part for about ten seconds.

### 4. Let go of the tension fairly quickly, letting the muscles go limp.

Notice the difference in the way your hand and arm feel. Notice the difference in feelings between the sensations of tension and those of relaxation. Let these feeling of relaxation deepen for about 30 seconds or so.

### 5. Repeat Steps 1 through 4, using the same muscle group.

#### 6. Move to another muscle group.

Simply repeat Steps 1 through 4, substituting a different muscle group each time. Continue with your left hand and arm and then work your way through the major muscle groups listed in the following section.



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After you finish relaxing each of these areas, let your body sink into an even deeper state of relaxation. Let go more and more. Mentally go over the sensations you're feeling in your arms, face, neck, shoulders, back, stomach, and legs. Feel your body becoming looser and more relaxed. Savor the feeling.

# Use the Quickie Method

When pressed for time, you can use a quickie version of the progressive relaxation exercise explained in the preceding section. This technique compresses all the muscle tensing and relaxing sequences into one. Think of it as one gigantic scrunch.

In order to do this, you have to master the gradual version first. The success of this rapid form of relaxation depends on your ability to create and release muscle tension quickly, skills you master by slowly working through all the muscle groups individually. Here's what to do:

- **1**. Sit or lie comfortably in a room that's quiet and relatively free of distractions.
- 2. Tense all the muscle-groups listed here, simultaneously:
  - Clench both fists, bend both arms and tense your biceps.
  - Lift both legs until you notice a moderate degree of tension and discomfort.
  - Scrunch up your face, closing your eyes, furrowing your brow, clenching your jaws, and pursing your lips.

- Bring your shoulders as close as you can to your ears.
- Tense your stomach muscles.
- 3. Hold this total scrunch for about five seconds and then release, letting go of any and all tension.

Let your legs fall to the floor or bed, let your arms fall to your sides, and let the rest of your body return to a relaxed position.

Repeat this sequence at various points throughout your day.

# **Stretch Away Your Stress**

Stretching is one way your body naturally discharges excess tension. You automatically feel the need for a stretch when you wake up in the morning and just before retiring at night. But a good stretch can drain away much of your body's tension at other times, too. You may be deskbound or sitting for long periods of time during the day, causing your muscles to tense and tighten. Consider adopting one or more basic stretches and taking a stretch-break at various points throughout the day.

Following are two tension-relieving stretches that help you drain off a lot of excess tension. They're simple and shouldn't evoke much comment or ridicule from friends or co-workers.

✓ The Twist: This stretch is great for your upper body. Sitting or standing, put both your hands behind the back of your head, locking your fingers together. Move your elbows towards each other until you feel some moderate tension. Now twist your body slightly, first to the right for a few seconds and then slowly to the left. When you finish, let your arms fall to your side. The Leg-lift: This stretch is good for your lower body. Sitting in your chair, raise both your legs until you feel a comfortable level of tightness in them. Maintaining that tension, flex and point your toes toward your head. Hold that tension for about ten seconds or so and then let your legs fall to the floor. If doing this with both legs together is a wee bit uncomfortable, try it one leg at a time.

Stretch slowly and don't overdo it. You're trying to relax your muscles, not punish them.

### Find a local yoga class

If the deep breathing and stretching exercises in this Part appeal to you, consider giving yoga a try. In addition to the benefits from exercise and meditation, some yoga practices actually focus on things like contentment and abstaining from an attachment to possessions — two definitive steps toward living well, regardless of the economy! If yoga seems too trendy or New Age, remember that this practice has endured for thousands of years.

# Lift a Finger for Self-Massage

With all the stress and turmoil going on in the world and in your own budget, you could probably use a good massage to release some tension. Hold onto your cash and let your fingers do the work.

# For Your Hands

Hold your left palm in front of you, fingers together. The fleshy spot between your thumb and index finger is a key acupressure point that should spread a sensation of relaxation when massaged. Using your right thumb, massage this spot in a circular motion for a slow count of 15. Switch hands and repeat.

For stress-related fatigue, pinch just below the first joint of your pinkie with the thumb and index finger of the opposite hand. (Pressure should be firm but not painful.) Increase the pressure slightly. Make small circular movements in a counterclockwise direction while maintaining pressure. Continue for 20 seconds. Release. Wait for ten seconds and repeat up to five times.

### For Your Feet

Try this sole-soothing exercise. Take off your socks and shoes and sit comfortably with one leg crossed over the other. (The sole of your foot should be almost facing you.) With both hands, grasp the arches of your foot and apply pressure, especially with your thumbs. Knead every part of your foot (like you would bread dough, using your thumbs and fingers), working your way from your heel right up to your toes. Give each of your toes a squeeze. Now massage the other foot in a similar way.

If crossing your legs is more stressful than it used to be, go to the kitchen and get your rolling pin. Sit in a chair and position the rolling pin next to your foot. Gently roll your bare foot back and forth slowly for two minutes or so. Then try it with the other foot. Now wash the pin. If you don't own a rolling pin, work with a tennis ball. Place it under the arch of your bare foot, put some pressure on that foot, and move the ball backward and forward. Keep this rhythm going for about two minutes, and then switch to your other foot.

## For Your Neck and Shoulders

Stress most often finds its way to your neck and shoulders. To dissipate that tension, take your left hand and firmly massage your right shoulder and the right side of your neck. Start with some gentle circular motions, rubbing the muscle with your index and middle fingers. Then finish with a firmer massage, squeezing the shoulder and neck muscles between your thumb and other fingers. Now switch to the other side.

# For Your Face

Start by placing both of your hands on your face with the tips of your fingers resting on your forehead and the heels of your palms resting just under your cheeks. Gently pull down the skin on your forehead with the tips of your fingers while pushing up the area under your palms. Rhythmically repeat this movement, contracting and releasing your fingers and palms. You can also try pulling on your ears in different directions. **#8** 

# Practice Habits of Effective Stress Managers

The following is a short list of the qualities most important for reducing stress and creating stress resilience:

- Practice relaxation techniques. You need to know how to let go of tension and be able to relax your body and quiet your mind.
- Eat right and exercise often. Be careful about what you put into your mouth. Engage in some form of physical activity regularly during the week.
- Get enough sleep. Try not to burn the candle at both ends. Get to sleep at an hour that ensures you can get enough rest.
- Don't worry about the unimportant stuff. Know the difference between what's truly important and what's not. Put things into perspective.
- Don't get angry often. Avoid losing your temper, but if you do become angry, try to remain in control of your anger so that it doesn't become destructive.
- Get organized. Feel a sense of control over your environment. A cluttered and disorganized life leads to a stressed life.

- Manage your time effectively. Be in control of your schedule.
- Have and make use of a strong social support system. Spend time with your family, friends, and acquaintances. Have people in your life who listen to you and care for you.
- Live according to your values. Make sure that you spend your energy and time on things that are meaningful to you and that your goals are significant and worthwhile.
- Have a good sense of humor. Laugh at life's hassles and annoyances. Don't take yourself too seriously.

If you realize that you currently employ only some (or none!) of the habits in this list, don't worry — you can change old habits and learn new ones. Managing your stress isn't a magical process; rather, it's one that means mastering new behaviors and finding new ways of looking at yourself and your world.