Facing Your Finances

The best way to plan for your future? Get on top of your finances today. To ensure you're on the right path to financial health, wealth and the retirement you've dreamed of, area experts offer simple, but sage, advice (Don't be afraid. Turn the page!)

By Sarah DeRoo and Emily Leas
Illustrations by Kristin Joiner

Follow the Leader
Get tips you can apply in your life by following the progress of the 2012 Project Money contestants as they work toward financial health at projectmoney.summitcreditunion.com today!

Getting on the Right Track

Think your finances are a lost cause? Think again. Local programs (and simple steps) offer plenty of hope and guidance for steering you back on track

By Emily Leas

Last May, Penny Duane was wading through the debts most of us are familiar with: A car loan, home mortgage and student loans for her daughter. Life had done a number on her finances, and somehow along the way, little by little, it piled up. Her savings, meanwhile, sat dormant, never seeming to grow.

Fed up with the imbalance, Duane resolved to grab the reins and steer her derailed money situation back on course. But would it even possible?

The answer from local experts is a resounding "yes." No matter how dismal the circumstances have become, there's always a way to get a grip on your finances.

Looking for guidance, Duane turned to Project Money, a local program and competition created by Summit Credit Union that pairs financial advisors with real people struggling with real money problems. After digging through a pile of 150 hopefuls, Duane was selected as one of four "teams" in the competition. The mission? To see who could shrink their debt and grow their savings—a sort of "Biggest Loser" for those carrying a load of financial woes.

Mary Johnson, branch manager of Summit Credit Union in Lake Mills served as Duane's coach, leading her step by step through the process of setting her finances straight.

"We start with [figuring out] where can you cut. Is it the cable? Is it coffee? Is it getting your nails done? We call it phantom money," Johnson explains. "It's money that's going out and you don't realize you just spent $10 or $20."

Together, Johnson and Duane combed over Duane's spending habits, income and bills to get a clear picture of her finances. From there, making short-term changes gave way to establishing long-term goals—giving Duane a sense of control she hadn't felt in years.

As Johnson points out, whether you work with a financial professional or go it alone, it's a process everyone can—and *should*—do at any time.

"Sometimes we stick our head in the sand and think financial trouble will just go away. But you really have to face it head on," echoes Amber Miller, project director of Wisconsin Saves, another local program offering individuals the chance to set their finances straight. The free online program of the nonprofit Wisconsin Women's Business Initiative Corporation allows participants to set financial goals and personal budgets.

Miller acknowledges that for many, simply taking the first step is the most difficult hurdle to overcome.

After making her financial plan—and trudging ahead daily—Duane's efforts paid off. In just seven months, she paid down her debts by $6,779 and saved more than $6,000, ultimately being crowned the winner of Project Money. Even sweeter was the realization that she *could* have control again of her financial life.

"I just want to make sure people know that no matter your income, you can do it," Duane says emphatically. "It gives you so much self-esteem and pride in yourself."

What the future holds now is an open door for getting ahead—and having the chance to live the life she wants today. Case in point? After over a year of improving her spending and saving habits, Duane is looking forward to checking a big dream off of her life's bucket list.

"Barbara Streisand, New York City, 30th row with my daughter!" she says with excitement. Almost as rewarding as seeing Babs? The trip is already saved and paid for.

Deal With Debt

To keep debt from dragging your down, Colleen Johnson, Certified Financial Planner® and vice president at Johnson Bank Wealth Management, offers tips for facing debt and finding financial independence

Paint a realistic picture
List all of your debts—each outstanding loan and every credit card—and write out the balance, the interest rate, and the minimum payment for each. List them in order from the highest interest rate to the lowest. Then add up the total cost of your minimum payments.

Utilize your budget
Add the total minimum payments you need to meet each month to your budget. Allocate your money so that every minimum payment on your debts is satisfied, as are all of your fixed expenses. This will help you pay debts, current bills and determine what you can spend in other areas of life.

Don't forget your savings
Building emergency and retirement savings doesn't have to take a back seat to paying down debt. Strike a balance in your budget. The amount you set aside for each varies depending on your situation. Just remember that paying down debt can work in concert with your other financial goals.

Where to

Determine Your Financial Health

A quick guide to getting a clear picture of your financial landscape

You can't get where you want to go unless you know the way to get there—or so the saying goes. To help you determine if you're on the right path, Kristen Carreira, financial advisor with Edward Jones, suggests looking to the building blocks of a healthy financial future. Here, she offers six insightful questions that will guide you toward focusing on the aspects of your finances you need most, to build your financial fitness today.

1. Do I know my budget and spending habits?

2. Do I have defined financial goals? For example, do I know when I want to retire and how much I will need to spend in retirement?

3. Do I have six months income in savings for unexpected events?

4. Am I prepared if my spouse/partner or I becomes disabled or dies prematurely?

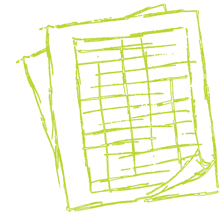
5. Am I saving enough for retirement? Am I saving approximately 15 percent of my salary towards retirement in my employer-sponsored retirement plan and Roth IRA?

6. Is my portfolio properly allocated according to my risk tolerance and life stage?

If you don't know the answer to any of the above, consider it your next step in building your financial future. Sit down and determine the answer, and if you need help, make an appointment with a professional who can help you sort out a solution that works for you today—and builds toward the best tomorrow for you and your family.

Put extra funds toward your debt
Once you factor in all expenses and savings goals, you'll have an idea of what extra funds you have. Apply any extra to your highest interest debt. Every little bit (even $10) counts—and getting serious about it (lowering cable or phone plans, for example) can help you pay down debt faster.

Trust the process
How you handle your debt, your spending and your budgeting really speaks to your success in being able to retire at the time and in the way you want. It's about getting to the goal of financial independence and security. It may take time, but you can get there.



Build a Budget

A key to building wealth? Knowing where your money is going. To help you create a budget for your life (trust us, it's not as bad as it sounds!), Kristine Ashe, vice president branch manager at Park Bank, offers easy steps

Don't think of it as a budget. Think of it as your first step to building wealth.

Make a commitment to honesty. You'll only succeed if you're open and truthful about where you're at and where you want to go.

Get a sense of where you're at. Write down your income and expenses—all of them. Categorize your expenses into your fixed (rent or mortgage, utilities and the like) and variable expenses (dining out, groceries, credit cards). From there, track your spending for a month or more to make sure you have an accurate picture of what your life costs.

Build a realistic budget. Once you see where you're at and what you're spending, set your budget. If you're living within your means, great! If you've overspent, or want to find better ways to use your money, set limits for those non-essential categories. Whatever parameters you set, make them realistic. Don't cut your "fun" money down to zero. You'll never maintain that. Keep it realistic and within your means to equal success.

Revisit it. To start, be vigilant. Save your receipts, track your spending and sit down weekly to review. From there, review your spending enough to know where you're at and make adjustments.

Struggling? Get help. Be patient with yourself. Learn from times you overspend and make adjustments. If you need help, reach out to a professional, who can help you build a better budget.

Planning for the Expected

The Ultimate Goal

When it comes to retirement planning, what's a girl to do? No matter what your financial situation, taking a head-on approach to saving today is your key to funding the retirement of your dreams

By Emily Leas

Consider two common scenarios playing out in America today. Jan began investing in her 401(k) 30 years ago. She rode out the uncertainty in 2000 and 2008, and retired at age 65 with enough savings to draw comfortably from her investments for the next 20 years.

Now look at Karen, who began saving early in her career, but paying down credit card debt, student loans and a mortgage took priority over monthly contributions to her investments. Now, at 65, she's uncertain if she will ever truly retire, and if her Social Security checks will be enough to live on if she does.

Karen isn't alone. In fact, one in six Americans over age 65 are living below the poverty line, including 10.4 percent of the elderly in Wisconsin, according to a report by the UW-Madison Institute for Research on Poverty. It's a number that doesn't even touch the rate of elderly living on fixed incomes who simply can't afford the life they've wanted—and the retirement we all dream of.

While previous generations relied on company pensions and Social Security benefits to fund their retirement, today the focus has changed. Mary Strickland, Certified Financial Planner® and financial advisor with Robert W. Baird & Co. in Madison, suggests the shift from defined benefit plans (such as pensions) provided by employers to optional 401(k) plans may be part of the reason.

"This has moved the onus for retirement from the employer to the employee," Strickland explains. "And, [unfortunately,] most employees don't have the discipline to save enough for retirement."

This shift in responsibility requires a collective change in how we manage our finances, a goal which has consequences for women in particular.

With a longer life expectancy (which can mean longer retirements and more health care costs) and earnings about 20 percent less than their male counterparts, saving for the future early is a mantra that financial advisors can't repeat enough to women.

"Most women are in and out of the workforce raising children, and that leads to lower retirement fund balances, as well as Social Security [benefits]," explains Strickland, one of a number of advisors devoted to shedding more light on the issue.

For many—women and men—the first step toward planning a healthy financial future is all about awareness. It starts with understanding where you are at, and where you want to be.

Everyone's "number" will be different, and Tracey Anton of Googins & Anton Investment Advisors, recommends using 80 percent of your current income as a starting point for determining the annual amount you'll need in retirement.

"From there, you figure out what percentage you are going to be fully responsible for, and what sources are already in place," Anton says. "[Ask yourself] what is the grand number that I need to create an income to make up the difference for what social security or a pension isn't going to provide?"

It's taking this realistic look—and talking *real* numbers rather than ambiguous goals—that many advisors say helps their clients build the confidence and understanding to get in a plan, and stick with it.

The other point they echo? While today's economy has us all making tough choices for tomorrow, let alone 20 or 30 years down the road, there is hope. And it comes from making a plan and working toward it, day by day.

Find the Right Help

When finances aren't your forté, find a professional you can count on says Alan Zobel, financial representative with Platinum Wealth Management

The goal?
In seeking help planning for your future, you want to find a financial professional who understands you, what you want, and how you want to work with them.

Know your specific challenges
Make sure your professional asks about your goals while acknowledging the challenges facing women today: Longer life expectancies, potential savings shortfalls due to career and family situations, and more.

See the big picture
To create a sound plan, you want to work with an advisor who will help you adjust your thinking from today's responsibilities to your financial needs down the road.

Where to

Get Invested

Look to the long-term with a sound investment plan

A sound financial plan accounts for all aspects of one's life: age, investment goals, time horizon, risk tolerance and more. To help you devise a sound investment plan, Cynthia Witt, vice president and wealth advisor at Morgan Stanley Smith Barney, offers this advice.

1. Know the difference between saving and investing. Saving is for rainy days—home repairs or car trouble. Investing is for meeting distant financial goals or saving for retirement.

2. Don't try to time the market. View your investments with an eye toward the long-term. Opt for a diversified investment program that includes some cash or money markets, bonds and stocks (both domestic and international).

3. Use automatic investment plans to take advantage of buying when the market is low. Dollar-cost averaging—investing a fixed amount on a regular schedule—can be a great way to make the market declines work in your favor. For this same reason, participating in a company 401(k) plan could be a great investment option.

4. If you're already retired, consider allocating more of your investment account to fixed-income. During retirement, you may want to be more conservative. This is also a time to think about estate planning and how to transfer your assets to your beneficiaries.

Keep in mind that your financial plan may change over the years, but defining your goals, sticking to a diversified program and investing on a regular schedule are simple but effective strategies!

A Reputable Resource
The Financial Industry Regulatory Authority (FINRA) offers tips for all aspects of building your personal financial plan, as well as a way to research the background of registered firms and brokers at finra.org.

Make a plan to fit future challenges
Given women's specific financial needs, your strategy should address issues such as wealth accumulation and financial exposures like loss of income or health care needs later in life.

Pick someone you trust
Ensure you'll stick with your financial plan by working with an advisor who listens, makes you feel comfortable and considers all of your specific needs.

401(k) IRA

Ready Yourself for Retirement

Look ahead to your future, and what do you see? If it's a worry-free retirement, you'll want to get saving. Lauri Binius Droster, Certified Financial Planner® and financial advisor with RBC Wealth Management, offers tips for building your nest egg today

Set your goal. As pensions are reduced (or eliminated) and Social Security faces possible reductions, it's critical to save for your own retirement. A good goal is to save 15 to 20 percent of your income. If that's intimidating, create a budget and start to save whatever you can.

Decide what method is right for you. Start where there may be "free money." If your company has a 401(k) and matches your contributions to a certain percentage, at least try to invest the amount the company matches.

Consider a Roth IRA. A Roth IRA is a great option to consider if your company doesn't offer a 401(k). You are eligible to fund a Roth IRA if you have an adjusted gross income of less than $173,000 for a married couple, or $110,000 for a single filer.

Fund your retirement before your children's education. Your child can qualify for financial aid, whereas there is no financial aid for retirement! If you want the option of saving for both, consider a Roth IRA once again. While many retirement savings vehicles penalize you for withdrawing money before a certain age, you can take contributions out of a Roth IRA any time, including for college funding. Say your child gets a scholarship? Then your money is still set aside for you!

Planning for the Unexpected

The Emotional Side of Money

What's in your wallet? For many, it's a whole lot of emotional baggage. To get past the fear, frustration and blame, finding a level-headed approach to your money is key

By Emily Leas

Connie Kilmark is perched on an ergonomic chair, thinking. She's trying to find a single definition for her role at her self-made business, Kilmark & Associates. Her official title is financial counselor and consultant, but what does that really mean? After a moment, she settles on describing herself as "an advisor to couples, individuals and sometimes multi-generational families concerning that nexus between money and emotions."

It's then that it becomes apparent that the box of Kleenex on the nearby coffee table is not for the occasional runny nose.

"I am nobody's first choice," she explains. "My job is to reduce the anxiety in the room and channel the stress people bring with them into some kind of constructive change."

The bright, airy room with comfortable couches helps with that goal, but guiding her clients from the emotional baggage of past mistakes into the motions of habit change are difficult steps for most.

Anyone who has been struck by that sinking feeling at the sight of an outstanding bill, or felt helpless to stop a checking account balance from dwindling away understands the deep reaction money can elicit.

"Money is an intensely emotional subject," she says. "The way it operates is to aid in the exchange of goods and services between people. But if that's all it was, it would be like a screwdriver. You pull it out when you need to tighten a screw, then you put it down and it's just a screwdriver, not the meaning of life."

Yet financial disagreements and money woes remain a source of intense stress for many and can become a sore spot for couples in particular.

"The three most common sources of conflict for couples are sex, kids and money," Kilmark notes. "Of those, kids eventually grow up, sex becomes different as you age…but money only becomes more important."

While it may not be the meaning of life, Kilmark agrees that money certainly means a lot. Rather than focusing on the "stuff" that money can buy, one of her chief prescriptions is to focus on the positive emotions that can be associated with money, such as security, self-esteem and independence.

The goal is to get couples on the same page and working toward the same goals.

"It's nice to say finally, let's take a look at what you're doing and design a plan explicitly. Let's find where the money is hiding and unimprison it," Kilmark says.

To help make those feelings more tangible she recommends—no surprise—padding your nest egg.

"[Create] a cash cushion solely to be 'mental health money,'" Kilmark says.

Another? Honesty. When it comes to partnerships, Kilmark stresses the importance of full disclosure of each individual's financial situation early and often.

"It sounds, in such a deadly way, unromantic, but I clean up the unromantic dimensions of a marriage," she says.

Not only is it about getting on the same page today, her mission is to create a plan that can withstand unexpected hardships.

"Unexpected and stressful events have their own emotion," says Kilmark. Losing a job, a family member or facing other tough financial situations is easier when you can see your way through to the other side.

While we may not be able to completely separate emotions from our finances, we can channel it into positive goals and, over time, even positive change.

Bridging the Divide

In relationships, financial discussions can quickly blow up into serious arguments. Before money matters drag you both down, Dr. Don Ferguson, licensed psychologist and owner of Infinite Relationships, offers steps to facing finances, together

Know what discussion you're having
Couples rarely have the right discussion and almost never have the same discussion. Slow down and ask what are we talking about? Then ask what discussion should we be having? Do you just need to fret or do we need to get the bank statement and look at it together?

Look behind the issues
Financial discussions can move quickly from dollars and cents to personal or trust issues. Two people are rarely raised with the same economic values. Talk about your goals and recognize when you start getting into an area of discussion that may be offensive or upsetting to the other.

Talk real numbers
Often discussions revolve around vague feelings or ideas. One partner says one spends too much, the other says their partner is too cheap. Instead, ask questions such as: How much money do you need at the end of the month to feel safe financially?

Where to

Follow a Financial Roadmap

Taking charge of your finances, through the ages

Life changes, and so should your plans. But for every stage of life, there are important ways you can plan and protect yourself (and your loved ones) against financial woes. What steps should you be taking? Malory Ogrizovich, financial representative with Northwestern Mutual, offers four milestones, age by age.

1. In your 20s you should: Manage student debt, start a three-month emergency fund and set up a budget. Start small, make regular contributions to your company's 401(k) plan—at least enough to take advantage of any employer match—and open a Roth IRA. Begin saving for a home and consider life insurance.

2. In your 30s and 40s you should: Consider getting life and disability insurance if you're married or have children. Get a will, powers of attorney and health care directives, and balance college savings for kids versus retirement for you and your spouse. Keep building your emergency fund to six months.

3. In your 50s you should: Consider your long-term care needs and develop concrete retirement plans, such as when and where to retire, your expenses and income.

4. In your 60s and beyond: Coordinate any pension and government benefits with savings to build a retirement paycheck, update your estate plans, review legacies for charities and family members, and consider paying off a mortgage or other debts.

When you make a plan, revisit it annually with your financial professional and when you're contemplating a major life change, such as getting married, having a child, switching careers or getting ready to retire.

Got Credit?
To keep up on your credit history, head to annualcreditreport.com, a site trusted by the experts. Once a year, you can obtain your credit history for free from the three major credit bureaus to understand where you're at, and to look for any unusual things you may need to follow up on.

Get specific
Attach figures and behaviors to your discussions. Don't just say you can't go shopping or you can't buy a snowmobile, talk specifically. What is our goal number to be reaching? What dollar amount would tell you that we're being financially successful? What behaviors would help this?

Change the way you communicate
Alter the way you communicate and treat each other with respect. Many times, once you get over the personal issues, talking about the other stuff is fairly easy. Remember, it's just business—but it's the business part of a relationship.

Protect Your Finances

Identity theft is just as invasive as someone breaking into your house, but often has longer financial consequences. To help protect you, Mike Masino, information security instructor at Madison College offers a few quick tips

Know what they're after. Identity thieves look for information that will allow them to get into your accounts to spend your money, or get information to open new loans. While paper statements from the mail and stolen cards from your wallet are still used, most of the information thieves get a hold of is found online.

Make yourself a harder target. Minimize what people can see about you online, from your birthday to your employment history. Use passwords made up of symbols, letters and numbers. And when looking at your finances or shopping online, look for the "https" in the web address to signal that you are using a secure site.

Keep an eye on your accounts. Check your credit card and bank accounts daily or weekly to ensure nothing odd is showing up.

Take extra steps. Run a credit check on yourself to see if any new accounts have been opened in your name or if there any debts you could be unaware of. Or consider putting a lock on your accounts through the three major credit agencies, which will prevent anyone, including you, from opening new lines of credit without going through several extra steps.

Act quickly. If you catch something unusual, contact your credit card company or bank. Catching it quickly makes it easier to take the proper next steps.