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## MANAGE YOUR FINANCES & GET BACK IN CONTROL OF YOUR LIFE

“If you would be wealthy, think of saving as well as getting” ----- Benjamin Franklin (1706-1790) There is no shortcut to personal and financial. Getting rich entails long years of discipline, hard work, thrift, and wise use of resources. Those who get rich quick usually do so because: they won a million dollars on lottery; duped other people in a scam; or inherited a fortune from a wealthy father or relative. But if we go back to the root of the issue, it may be important to ask, “Why are some people poor?” One of the main reasons why many people are poor or remain far from becoming rich is encapsulated in two words: financial mismanagement. Financial mismanagement is about squandering one's resource on things or activities that do not bear fruit or result in additional income. Mismanagement of finances is also one of the common causes of marital trouble and a source of enormous stress and anxiety in people. So many people have fallen into the debt trap and now feel totally out of control of their life and finances. So what can the average person do to better manage his or her finances? You do not have to be an economics graduate or a finance guru to get out of debt and stop the cycle of living from paycheck to paycheck. To get back on track in terms of your money and investments, consider the following suggestions: 1. Eliminate Your Debts, Avoid Unnecessary Spending If you are like most people, credit card interest payments actually consume a large portion of your monthly income. The solution is simple: pay-off your existing debt and avoid making additional loans or unnecessary purchases. Eliminate debt as fast as you can. Make a list of payables and prioritize either by starting on items that have the higher interest or those that can be easily paid off. The choice of which debt to pay-off first depends on your paying capacity, or the amount that you take out from your monthly budget to settle the debt. Another tip is to tell your bank to set automatic payments on your checking or savings account so you can avoid late payment charges and other penalties from the credit card company. Avoid missing payments since the compound interest on your loan or credit will affect your financial position. 2. Have an Emergency Account After paying off every single debt, the next step is to start on an aggressive savings plan. There are actually several savings plans that you should start on. One such plan is to have an Emergency Account. Always set aside at least 5% to 10% of your paycheck as savings. If your budget permits it, save a separate amount to fund your emergency fund which you can use for unexpected expenses, sudden loss of a job, hospital bills, and other unplanned spending. Having at least six month's worth of your salary as an emergency fund is a workable goal. However, make sure that you use the emergency fund for emergency purposes only and not for trivial spending. 3. Check Out Your Company's Retirement Plan Retirement plans help individuals set aside money that they can use after they retire. A 401(k) is a retirement plan that was named after a section of the United States Internal Revenue Code. The employer-sponsored plan works by setting aside a portion of an employee's salary which, in turn, is invested in mutual funds, stocks, and other investments in the money market. Another option is to invest the money in company stock. The advantage of the 401(k) is that the plan is tax-deferred. 4. Pension for the Self-Employed If you are self-employed or belong to an unincorporated business, you can study the potential benefits of the Keogh Plan which allows self-employed individuals set aside up to 15% of their income or they can participate in a mutual fund company and make automatic contributions or you can get a pension plan. 5. Invest Your Money While saving some of your hard-earned money is a good start, leaving it all in the bank may not give you the results you need. Get educated about investments and other financial instruments you can use to make your money earn more than what you are currently getting from the bank. The first step is to learn about passive and active income. You must also learn how to analyze and choose investments that will earn more money in the long run. Mutual funds, stocks, and other investment options are available for you to study and consider. 6. Manage Your Money Online If you have an Internet-capable computer at home or at work, you can actually manage your finances online. You can check your balance and credit statements, transfer funds, pay your bills, and monitor the status of your savings through your bank's online system. Indeed, there is no shortcut to wealth. Living the good life entails planning, setting goals, discipline, a great deal of sacrifice. Getting rid of worry and anxiety attacks over financial difficulties is not an impossible task. When you save and invest wisely, you will be able to prepare the tough times that are sure to come; and you can have enough to enjoy life, which is the reason why we need to take control of our finances.

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