

Financial Wellbeing



How To Shockproof Your Budget

You always want to hope for the best, but prepare for the worst in whatever financial plans you make. Try to anticipate everything that might go wrong and plan for it. Here, we'll just cover the main points to start you thinking.

Keep as healthy as you can. That means regular checkups and taking care of yourself mentally and physically. The more you keep fit, the longer you will stay healthy—and the less the risk of big medical bills. If you can't face up to a morning walk by yourself, go with a dog, or a friend, or a friend's dog!

1. Own enough of the right kinds of insurance.
2. Live where you can afford to live. Think through all the costs involved. Opt for the place that will cost the least overall.
3. Try to resist taking early retirement, because you will pay a financial price for it the rest of your life. Prepare for post-retirement work early enough to make yourself marketable. The longer you have money coming in, the longer you can go before having to dip into your retirement nest egg.
4. Review your budget at least once a year. Is your spending in line with your budget? Is your income in line with expectations? Reviewing your budget once a year makes it likely you will spot trouble early enough to make corrections before the trouble becomes serious. Anticipating trouble in time to do something about it, is the very essence of shockproofing your budget.
5. Keep what you have. You will be tempted to spend money on kids and grandkids. Resist the temptation to give it all away. You don't want outlive your money. Your kids and grandkids can borrow for college, travel, and for buying a home. You can't borrow to pay for your retirement.
6. Shop for long-term care insurance. That's the insurance that pays nursing home bills. The younger you are when you buy it, the less it costs. Shop carefully for this type of coverage. Make sure you know exactly how much coverage you are buying. Buy from a company that you know and trust.
7. Avoid withdrawing from retirement savings plans. The money in those plans must last you the rest of your life.

Adapted from Retirement Corporation of America

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