



## Recession Proofing Your Finances

The formal definition of a recession is a period of two quarters of negative Gross Domestic Product (GDP) growth, but you certainly don't need a dictionary to tell you you're feeling a financial squeeze right now. Prices for food and fuel are up dramatically; wages are stagnant, unemployment is on the rise, and credit is harder to get.

"Times are really tough right now and, while delving into your finances can be a scary prospect, it is very useful and extremely empowering during times like these," said Dan Norris, an Accel counselor in Michigan. "And, considering everything, there is really no better time than today to get started."

As times promise to be tough in the immediate future, Accel offers the following advice to clients, friends and family:

- **Make yourself invaluable at work.** There is never a good time to lose a job, but when jobs are scarce, make a special effort to hang onto the one you have. Be sure to have a good attendance record, be willing to take on extra tasks, and complete projects on time. Some industries, such as those associated with housing, are more vulnerable than others right now, but anyone would be smart to prepare for the worst by updating their resume. While you're at it, start networking and expanding your skill set as part of your plan, too. These actions will help you discover what opportunities are out there and help ensure you qualify for them. If you do get laid off, file immediately for unemployment benefits and, if you qualify, support from your state government as well.
- **Investigate health insurance options.** If you get laid off, knowing your health care options in advance will put you ahead of the game. Many companies allow you to continue on their plan for a limited number of months. This is, however, usually at a very high rate. Know in advance if you can be added to your spouse's plan, or visit with an agent about stand-alone plans. You can also look

into Medicaid plans available through your state. Doing so will prevent any gaps in coverage — a leading cause of many financial problems.

- **Study your financial situation and find ways to reduce or eliminate expenses.** When times are tough, it's critical to find savings everywhere you can. Can you eliminate a luxury or request a promotional plan with a temporarily lower rate? How much would you save in groceries if you shopped at a discount grocer? Can you trade babysitting services with a family friend and eliminate after-school care costs? Can you avoid an untimely increase in your monthly mortgage payment by locking in a good fixed mortgage rate?
- **Consider a second job.** A part-time, weekend job can help you "make ends meet" and pay down debt quickly. While the idea of a second job may not sound appealing, it is usually a relief compared with the pressure and tension of debt and collection calls.
- **Avoid taking on any new debt.** Hard times won't last forever. Unless you have home or vehicle repairs that cannot wait, delay large expenditures until you're on more stable ground.
- **Start or add to a rainy day fund.** Without a liquid savings fund, you're only one trip to the emergency room, one car accident or one leaky roof away from financial distress. Prepare for the inevitable by socking away 10 percent of each paycheck. You will certainly be glad you have it when you need it.
- **Adjust your withholding allowances.** No one wants to end up owing Uncle Sam, but we don't want to loan him interest-free money either! The average income tax refund in recent years has been well over \$2,000. If you're used to receiving a refund, adjust your withholding allowances and start putting that extra money in your pocket each month, not the government's.



## Spend Less, Have More: Accel Counselors Share Their Own Money-Saving Lifestyle Changes

Accel counselors work hard six days a week helping clients and others in need of help resolve their financial challenges and achieve their financial goals. The challenges might be as basic as paying down debt, avoiding foreclosure, improving credit scores after a bankruptcy or even refinancing a home. The goals might include developing an emergency savings fund, saving for a down payment on a home and/or putting money away for retirement. No matter what the desired outcome, the truth remains: everyone with any kind of financial resolution needs more money to make it a reality — and that includes Accel counselors.

Below are some of the ways Accel employees save a few dollars here and there to ensure there's more to apply toward achieving their goals. Try one next month and see what kind of a difference it makes in your budget:

- **Phone service:** Many counselors have canceled their landlines and use cell phones exclusively. Some married counselors have reduced their plans to the basic plan only and share minutes with their spouses for extra savings.
- **Cable and Internet:** There's a lot that can change to lower these bills . . .
  - Some of our counselors went to a slower "high-speed" Internet (a medium-speed service!) to shave up to \$30 per month off of their Internet service bill.
  - Others eliminated all channels over Channel 100 to — in some cases — cut their cable bills in half!
  - Other counselors started shopping promotions with their cable companies to get six months of cable and high-speed Internet for under \$60 a month. Later, they requested — and got — other deals or moved to a different promotion.
  - One savvy counselor and his wife did something smart with the future in mind: they reverted back to analog, from digital, cable. He and his wife report



that "it looks almost as good as our old digital," but it lowered their bill significantly. Of course, in 2009 they may have to change back but prices will likely be lower by then.

- Several individuals, obviously much more comfortable with technology than others, ditched cable altogether and do all of their television watching on the Internet, completely eliminating their cable bill!
- **Entertainment:** Lots of counselors rent movies at the library, rather than the movie store, saving between \$50 and \$100 each month.
- **Energy Use:** Replacing light bulbs with compact fluorescent bulbs is a common change among staff. They say it not only reduces electric bills, it also reduces air conditioning loads in the summertime because these bulbs emit less heat.
- **Fuel Savings:** Several counselors plan to do all their errands at the same time once each week, on a workday. One counselor said it affected her fuel purchases significantly. "I went from filling up once every five days to filling up once every eight-to-nine days." And, with gas prices as they are, that is quite an accomplishment.
- **Banking Tricks:** At least two Accel counselors actually have different bank accounts for each known monthly expense. They have their paychecks deposited with the right amounts into each one automatically. They say it helps them save on frivolous spending from their "everyday/as-they-please" accounts because all they have to work with is all that's there (and all that's accessible from a debit machine)!

Accel staff's number one tip for saving money won't surprise you at all. Every Accel counselor polled keeps a budget — and sticks to it! It's sound advice.

As a member of (Credit Union), you can take advantage of the *Accel* program, a **free** financial education and counseling program. To use this service, simply call 1-877-33ACCEL (332-2235) or visit them on the web at [www.accelservices.org](http://www.accelservices.org).

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