

STATEMENT OF PURPOSE

This material, and the things given in this seminar was not prepared to enable you to make "more money than you ever made in your life", as was once prayed for at a sales seminar in San Francisco California. It is not provided to encourage you to set your mind on things of this life. It is our prayer that your mind be freed to focus on things above.

It is our desire that you be able to wisely use the assets at your disposal so that in fact you can and will spend more time and thought in the things of eternity. This being possible because you are living consistent with Solomon's prayer, **PRO 30:8 & 9... "give me neither poverty nor riches; feed me with food convenient for me: Lest I be full, and deny [thee], and say, Who [is] the LORD? or lest I be poor, and steal, and take the name of my God [in vain]."** When one doesn't pay bills, pay taxes or pay creditors as agreed, he is in reality stealing. They destroy their "good name" (**Pro 22:1**); and, for a Christian, that is the name of the Lord Jesus Christ. To uphold the name of the one who loved us enough to suffer and die for us should be the most important goal we have.

Most of the financial problems facing people in this country today are because of three basic factors: **One**, their covetousness has been stimulated to the point they think they need many things they don't; **Two**, they fail to use sound business practices in deciding where and how to spend their money; **Three**, but not least they fail to track where their money went. In these times, no Christian with a reasonable amount of intelligence and skill, who will thoughtfully apply Christian business principles need disgrace the name of the Lord Jesus Christ in financial matters.

Our prayer is that this material will help you obey the instruction from the apostle Paul that we be "**Not slothful in business; fervent in spirit; serving the Lord;**" (**Rom 12:11**).

BONAFIDES OF THE PRESENTERS

JIM STOGSDILL is well qualified to speak on the subject of financial planning and accounting. First, and most important, Jim is one who realized some 50 years ago that he was so impoverished spiritually that the only way he could be forgiven his debt of sin was to accept the mercy of God who gave his only begotten son to die for his sins (**Joh 3:16**). Realizing that no amount of juggling the books could hide or pay this debt, he called on the Lord Jesus Christ and was forgiven. Jim became a Christian, a child of God, a free man. Each of us are equally indebted and can only find relief from our load of sin this way.

Second, for nearly thirty two years, Jim has been a husband, and, as the Lord blessed, a father and grandfather.

WORK EXPERIENCE AND EDUCATION (1961 to 1986 are all Tenneco companies)

1978 to 1986

Tennessee Gas Transmission & Tenneco Inc.- Director of Tax Planning

He was responsible for tax planning and participation in economic analysis for the Pipeline Group and for the supplemental projects such as coal gasification and LNG for this division. In this capacity, he was liaison with the parent company (Tenneco Inc.)

1973 to 1978

Tennessee Gas Transmission - Director of Rates

For the three interstate pipelines owned by Tenneco Inc., with combined revenues of \$2.5 billion, Jim had responsibility for coordination of objectives and plans for rate and certificate case preparation and presentation to the Federal Energy Regulatory Commission (FERC), including exhibits and testimony; provided direction for financial evaluation, including research, analysis of economic feasibility, strategy and forecasting.

1969 to 1973

Qualitron Aero, Inc. - Vice President for Finance and Administration and Administration and Acting Chief Executive Officer

Administrative responsibility for Controllershship, Treasury and Administrative functions which included facilities and operations at five locations. The last nine months Jim was Acting Chief Executive Officer with additional responsibilities for general management, marketing and production.

1967 to 1969

Philadelphia Life Insurance Company - Controller

Establish and/or supervise accounting procedures, accounting functions, financial statements and annual reports for the regulatory bodies of various states.

Budget preparation for the current year and three and five year cycle budgets. Interpret for management the results of the different operating groups with respect to expense and budget performance for evaluation.

1961 to 1967

Tennessee Gas Transmission Company - Supervisor of Rates

Work involved the following: Economic Feasibility - Capital Budgeting - Cost of Capital and Rate of Return - Cost of Service - Cost Allocation - Rate Derivation and Tariffs - Federal Income Taxes

WORK EXPERIENCE AND EDUCATION (Cont.)

1959 to 1961

Arthur Andersen & Co. - Senior Accountant

Work involved the following: Oil & Gas - Exploration, Production and refining - Gas Transportation - Estates and Trusts - construction - Service Industries - Utilities

VARIOUS: (Experience re "selling" and "public" speaking")

Presentations regarding project feasibility and economics, on both incremental and integrated basis, made to lending institutions and to company officers.

Discussions with investors and/or investors' representatives regarding results of operations, the basis for and results of acquisitions, current and future period income and capital budgets, and otherwise acquainting them with the company from both a historical and operational basis.

EDUCATION: Baylor University - 1949-1952 (Break due to military draft) 1957-1959

DEGREES: Bachelor of Business Administration (1959) - Summa Cum Laude

Bachelor of Accountancy (1959) - Summa Cum Laude

C.P.A. State of Texas (1959)

After retiring from Tenneco. Jim passed the SECURITIES examinations with high scores.

ROBERT A GROVE is qualified to speak on the subject of finances and Christian business ethics to the degree he has allowed the Holy Spirit to impress on his mind and heart what God has revealed to mankind through his word, the Bible.

Some 42 years ago, Robert accepted Jesus Christ as his personal savior and has, with some consistency, endeavored to study the Bible and walk according to the truths it contains. Robert is a husband of 34 years, a father and a grandfather as the Lord has blessed.

Robert's education and work experience consist of a High School education followed by twenty years operating his own business in contracting and real estate. Approximately 16 years ago he sold his real estate and construction business in California and moved to Virginia for full time ministry to the church, which is Christ's body.

Any of the practical and educational bonafides mentioned above are nothing if they are not used to the honor and glory of the Lord Jesus Christ. If they become a cause for pride they will only destroy the one who is thus lifted up (PRO 16:18 "Pride goes before destruction, and a haughty spirit before a fall"). When we have done all we must say " We are unprofitable servants:"(Luk 17:10)

FINANCIAL PLANNING FOR ETERNITY

MAN AT WORK --- MONEY AT WORK

WHERE IS YOUR TREASURE ???

(read) **LUK 12:15 - 21** And He said to them, "Take heed and beware of covetousness, for one's life does not consist in the abundance of the things he possesses." ... :19 'And I will say to my soul, "Soul, you have many goods laid up for many years; take your ease; eat, drink, and be merry." ' :21 "So is he who lays up treasure for himself, and is not rich toward God."

(read) **1TI 6:9** But those who desire to be rich fall into temptation and a snare, and into many foolish and harmful lusts which drown men in destruction and perdition. :10 For the love of money is a root of all kinds of evil, for which some have strayed from the faith in their greediness, and pierced themselves through with many sorrows.

TENDENCY TO BE SLOTHFUL IN MONETARY MATTERS- OR DILIGENT AND USE FOR OWN PLEASURES- BOTH ARE WRONG

MAT 6:19 - 21 "Do not lay up for yourselves treasures on earth, where moth and rust destroy and where thieves break in and steal; :20 "but lay up for yourselves treasures in heaven, where neither moth nor rust destroys and where thieves do not break in and steal. :21 "For where your treasure is, there your heart will be also.

PRO 23:4 - 6 Do not overwork to be rich; because of your own understanding, cease! :5 Will you set your eyes on that which is not? For riches certainly make themselves wings; they fly away like an eagle toward heaven. :6 Do not eat the bread of a miser, nor desire his delicacies;

COL 3:2 & 4 Set your mind on things above, not on things on the earth. :3 For you died, and your life is hidden with Christ in God. :4 When Christ who is our life appears, then you also will appear with Him in glory.

1TI 6:17 -19 Command those who are rich in this present age not to be haughty, nor to trust in uncertain riches but in the living God, who gives us richly all things to enjoy. :18 Let them do good, that they be rich in good works, ready to give, willing to share, :19 Storing up for themselves a good foundation for the time to come, that they may lay hold on eternal life.

"TO GIVE IS TO LIVE"

PRO 11:25 The generous soul will be made rich, and he who waters will also be watered himself.

LUK 10:29 But he, wanting to justify himself, said to Jesus, "And who is my neighbor?"

MAT 25:44 & 45 "Then they also will answer Him, saying, 'Lord, when did we see You hungry or thirsty or a stranger or naked or sick or in prison, and did not minister to You?' :45 "Then He will answer them, saying, 'Assuredly, I say to you, inasmuch as you did not do it to one of the least of these, you did not do it to Me.'

ACT 20:35 "I have shown you in every way, by laboring like this, that you must support the weak. And remember the words of the Lord Jesus, that He said, 'It is more blessed to give than to receive.' "

1TI 6:17 - 19 **Command those who are rich in this present age** not to be haughty, nor to trust in uncertain riches **but in the living God, who gives us richly all things to enjoy. :18 Let them do good, that they be rich in good works,** ready to give, willing to share, :19 Storing up for themselves a good foundation for the time to come, **that they may lay hold on eternal life.**

EPH 4:28 **Let him who stole steal no longer, but rather let him labor, working with his hands what is good, that he may have something to give him who has need.**

2CO 9:6 **But this I say:** He who sows sparingly will also reap sparingly, **and he who sows bountifully will also reap bountifully.**

1JO 3:17 **But whoever has this world's goods, and sees his brother in need, and shuts up his heart from him, how does the love of God abide in him?**

1JO 3:18 **My little children, let us not love in word or in tongue, but in deed and in truth.**

NOT WHAT YOU DON'T HAVE- WHAT YOU DO W/WHAT YOU DO HAVE

LUK 21:2 - 4 **And He saw also a certain poor widow putting in two mites. :3 So He said, "Truly I say to you that this poor widow has put in more than all; :4 "for all these out of their abundance have put in offerings for God, but she out of her poverty has put in all the livelihood that she had."**

HOW MUCH SHOULD BE- RETURNED TO GOD...???

GEN 14:20 - "**ABRAHAM**" **And blessed be God Most High, Who has delivered your enemies into your hand." And he gave him a tithe of all.**

(HEB 7:2 to whom also Abraham gave a tenth part of all,)

GEN 28:20-22 - "...**JACOB**"..."**If God will be with me, ... I will surely give a tenth to You."**

LEV 27:30 - "**ISRAEL**" **And all the tithe of the land...is the Lord's....of the herd or the flock...the tenth one shall be holy to the LORD.**

1CO 6:19 & 20 - "**THE CHURCH**" **Or do you not know that your body is the temple of the Holy Spirit who is in you, whom you have from God, and you are not your own? For you were bought at a price; therefore glorify God in your body and in your spirit, which are God's.**

- 1. The tithe (10% of the increase) is the figure God's people used to determine how much to return to God before the Mosaic Law was instituted.**
- 2. God incorporated this figure (10% of the increase) into the Mosaic Law.**
- 3. The apostle Paul reminded us members of His the Body (The Church):**
 - (a.) Things written before are for our learning.**
 - (b.) Nothing we have, including ourselves is ours.**
- 4. Would it be reasonable to think that less of our increase should be committed to invest for eternity. The mention of this figure (10% of the increase) should say something to us.**

REMEMBER- DON'T FORGET- IT'S PART OF YOUR INVESTMENT IN ETERNITY

(AN INVESTMENT OF THIS IMPORTANCE SHOULD BE FIRST PRIORITY)

EXO 22:29 "You shall not delay to offer the **first of your ripe produce** and your juices. The **firstborn of your sons** you shall give to Me.

PRO 3:9 Honor the LORD with your possessions, **and with the firstfruits of all your increase;**

MAL 3:8 & 9 "Will a man **rob God?** Yet you have **robbed Me!** But you say, 'In what way have we robbed You?' **In tithes and offerings.** :9 You are cursed with a curse, for you have robbed Me, even this whole nation.

LUK 6:38 "Give, and it will be given to you: **good measure, pressed down, shaken together, and running over will be put into your bosom.** For with the same measure that you use, it will be measured back to you."

LUK 21:2 & 3 And He saw also a certain poor widow putting in **two mites.** :3 So He said, "Truly I say to you that this **poor widow** has put in **more than all;**

2CO 9:6 & 7 But this I say: He who **sows sparingly** will also **reap sparingly,** and he who sows **bountifully** will also reap **bountifully.** :7 So let each one give as he **purposes in his heart,** not **grudgingly** or of **necessity;** for God loves a **cheerful giver.**

PHI 4:16 For even in Thessalonica you **sent aid once and again** for my necessities. :17 Not that I seek the gift, but I seek the **fruit that abounds to your account.**

ISRAEL WAS TO SET ASIDE FUNDS FOR THE FOLLOWING PURPOSES:

- 1. The TITHES and the OFFERINGS**
- 2. The care of the POOR**
- 3. The vows they made to make special CONTRIBUTIONS/GIFTS**
- 4. Special needs that would come along from time to time**

One who was diligent in this program was making a large investment in eternity.

INVESTMENTS WERE MADE IN ETERNITY FOR THE LORD'S MINISTRY

JOH 12:6 This he said, not that he cared for the poor, but because he was a thief, and **had the money box;** and he used to take what was put in it.

JOH 13:29 For some thought, because **Judas had the money box,** that Jesus had said to him, "Buy those things we need for the feast," or that he should give something to the poor.

LUK 10:7 "THE 70 - "And remain in the same house, **eating and drinking such things as they give,** for the **laborer is worthy of his wages.** Do not go from house to house.

INVESTMENTS WERE MADE IN ETERNITY FOR THE CARE OF THE TEMPLE IN THE LORD'S TIME

MAR 12:41 & 42 Now Jesus sat opposite the treasury and saw how the people put money into the treasury. And many who were rich put in much.⁴² Then one poor widow came and threw in two mites, which make a quadrans.

INVESTMENTS ARE MADE IN ETERNITY FOR THE SUPPORT OF THE MINISTRY TODAY

1CO 9:9 - 11 For it is written in the law of Moses, "You shall **not muzzle an ox** while it treads out the grain." ...**For our sakes**, no doubt, this is written, that he who plows should plow in hope, and he who threshes in hope should be partaker of his hope. :11 If we have **sown spiritual things** for you, is it a great thing if we **reap your material things**?

2CO 11:7 ...because I preached the gospel of God to you free of charge? :8 **I robbed other churches, taking wages** from them to minister to you.

GAL 6:6 Let him who is **taught the word share in all good things** with him who **teaches**.

1TI 5:17 Let the elders who rule well be counted worthy of **double honor**, especially those who labor in the word and doctrine. :18 For the Scripture says, "**You shall not muzzle an ox while it treads out the grain,**" and, "**The laborer is worthy of his wages.**"

PHI 4:12 I know how to be abased, and I know how to abound. Everywhere and in all things I **have learned both to be full and to be hungry, both to abound and to suffer need.**

INVESTMENTS ARE MADE IN ETERNITY BY SUPPLYING THE NEEDS OF OTHERS IN THE CHURCH TODAY

WIDOWS SUPPORTED BY THE CHURCH

1TI 5:9 Do not let a widow under sixty years old be taken into the number, and not unless she has been the wife of one man, (**ACT 6:1** ...there arose a murmuring against the Hebrews by the Hellenists, because their widows were neglected in the daily distribution.

ACT 6:1 Now in those days, when the number of the disciples was multiplying, there arose a murmuring against the Hebrews by the Hellenists, because their widows were neglected in the daily distribution.

COLLECTION FOR THE POOR

ACT 11:28 & 29 (ROM 15:26)..." Agabus, stood up and showed by the Spirit that there was going to be a great famine...The disciples, each **according to his ability**, determined to send relief to the brethren dwelling in Judea.

1CO 16:2 & 3 On the first day of the week let each one of you lay something aside, storing up as he may prosper, that there be no collections when I come... I will send to bear your gift to Jerusalem.

2CO 8:1 - 10 ... It is to your advantage not only to be doing what you began and were desiring to do a year ago;

2CO 9:5 ... prepare your bountiful gift beforehand, which you had previously promised, that it may be ready as a **matter of generosity** and not as a **grudging obligation**.

EPH 4:28 Let him who stole steal no longer, but rather let him labor, working with his hands what is good, **that he may have something to give him who has need.**

TITHES IN ISRAEL MISC. (SCRIPTURES)

- LEV 27:31 'If a man wants at all to **redeem** any of his **tithes**, he shall **add one-fifth** to it.
- NUM 18:24 - 28 "For the **tithes** of the children of Israel, which they offer up as a heave offering to the LORD, I have **given to the Levites** as an inheritance; therefore I have said to them, 'Among the children of Israel they shall have no inheritance.' " :26 "Speak thus to the Levites, and say to them: 'When you **take from the children of Israel the tithes** which I have given you from them as your inheritance, then you shall offer up a heave offering of it to the LORD, a **tenth of the tithe**. :28 'Thus you shall also offer a heave offering to the LORD from all your tithes which you receive from the children of Israel, and you shall give the Lord's heave offering from it to Aaron the priest.
- DEU 12:6 - 12 "There you shall take your **burnt offerings**, your sacrifices, your **tithes**, the heave offerings of your hand, your **vowed offerings**, your **freewill offerings**, and the **firstlings** of your herds and flocks. :11 "then there will be the place where the LORD your God chooses to make His name abide. There you shall bring all that I command you: your **burnt offerings**, your **sacrifices**, your **tithes**, the **heave offerings** of your hand, and all your **choice offerings** which you vow to the LORD. :12 "And you shall rejoice before the LORD your God, you and your sons and your daughters, your menservants and your maidservants, and the Levite who is within your gates, since he has no portion nor inheritance with you.
- NEH 10:37 & 38 To bring the **firstfruits of our dough**, our **offerings**, the **fruit from all kinds of trees**, the **new wine and oil**, to the priests, to the storerooms of the house of our God; and to bring the **tithes of our land** to the Levites, for the Levites should receive the **tithes in all our farming** communities. :38 And the priest, the descendant of Aaron, shall be with the Levites when the Levites receive tithes; and the Levites shall bring up a tenth of the tithes to the house of our God, to the rooms of the storehouse.
- NEH 12:44 And at the same time some were appointed over the rooms of the storehouse for the **offerings**, the **firstfruits**, and the **tithes**, to gather into them from the fields of the cities the portions specified by the Law for the priests and Levites; for Judah rejoiced over the priests and Levites who ministered.
- NEH 13:5 And he had prepared for him a large room, where previously they had stored the grain offerings, the frankincense, the articles, the tithes of grain, the new wine and oil, which were commanded to be given to the Levites and singers and gatekeepers, and the offerings for the priests.
- AMO 4:4 "Come to Bethel and transgress, at Gilgal multiply transgression; bring your sacrifices every morning, your tithes every three days.
- LUK 18:12 'I fast twice a week; I **give tithes** of all that I possess.'
- HEB 7:5 - 9 And indeed those who are of the sons of Levi, who receive the priesthood, have a commandment to receive **tithes** from the people according to the law, that is, from their brethren, though they have come from the loins of Abraham; :6 But he whose genealogy is not derived from them received tithes from Abraham and blessed him who had the promises. :7 Now beyond all contradiction the lesser is blessed by the better. :8 Here mortal men receive tithes, but there he receives them, of whom it is witnessed that he lives. :9 Even Levi, who receives tithes, paid tithes through Abraham, so to speak,

CARE FOR THE POOR (RESEARCH)

- LEV 19:10 'And you shall not **glean your vineyard**, nor shall you gather every grape of your **vineyard**; you shall **leave them for the poor and the stranger**: I am the LORD your God.
- LEV 23:22 'When you **reap** the harvest of your land, you shall **not wholly reap the corners** of your field when you reap, nor shall you gather any gleaning from your harvest. You shall leave them **for the poor** and for the stranger: I am the LORD your God.' "
- RUTH 2:2 - 23 So **Ruth** the Moabitess said to Naomi, "Please let me go to the field, and **glean heads of grain** after him in whose sight I may find favor." And she said to her, "Go, my daughter." :7 "And she said, 'Please let me glean and gather after the reapers among the sheaves.' So she came and has continued from morning until now, though she rested a little in the house." :15 And when she rose up to glean, Boaz commanded his young men, saying, "Let her glean even among the sheaves, and do not reproach her. :16 "Also let some grain from the bundles fall purposely for her; leave it that she may glean, and do not rebuke her." :23 So she stayed close by the young women of Boaz, to glean until the end of barley harvest and wheat harvest; and she dwelt with her mother-in-law.
- EXO 22:25 "If you **lend money** to any of My people who are poor among you, you shall not be like a moneylender to him; **you shall not charge him interest**.
- EXO 23:6 - 12 "You shall not pervert the judgment of your poor in his dispute. :10 "Six years you shall sow your land and gather in its produce, :11 "**but the seventh year you shall let it rest and lie fallow, that the poor of your people may eat**; and what they leave, the beasts of the field may

eat. In like manner you shall do with your vineyard and your olive grove. :12 "Six days you shall do your work, and on the seventh day you shall rest, that your ox and your donkey may rest, and the son of your maidservant and the stranger may be refreshed.

EXO 25:25 'If one of your brethren becomes poor, and has sold some of his possession, and if his **kinsman-redeemer** comes to redeem it, then he **may redeem** what his brother sold.

LEV 25:35 - 40 'And if one of your **brethren becomes poor**, and falls into poverty among you, then **you shall help him**, like a stranger or a sojourner, that he may live with you. :39 'And if one of your **brethren** who dwells by you becomes poor, and **sells himself to you**, you shall not compel him to serve as a **slave**. :40 'But as a **hired servant** and a sojourner he shall be with you, and shall serve you **until the Year of Jubilee**. :41 'And **then he shall depart from you, both he and his children with him**, and shall return to his own family; he shall return to the possession of his fathers. :42 'For they are My servants, whom I brought out of the land of Egypt; they shall not be sold as slaves. :43 'You shall not rule over him with rigor, but you shall fear your God. :44 'And as for your male and female slaves whom you may have--from the nations that are around you, from them you may buy male and female slaves. :45 'Moreover **you may buy the children of the strangers who sojourn among you**, and their families who are with you, which they beget in your land; and they shall **become your property**. :46 'And you may take them as an inheritance for your children after you, to inherit them as a possession; they shall be your permanent slaves. But regarding your brethren, the children of Israel, you shall not rule over one another with rigor. :47 'Now if a sojourner or stranger close to you becomes rich, and one of your brethren who dwells by him becomes poor, and sells himself to the stranger or sojourner close to you, or to a member of the stranger's family,

DEU 15:4 - 14 "except when there may be no poor among you; for the LORD will greatly bless you in the land which the LORD your God is giving you to possess as an inheritance-- :9 "Beware lest there be a **wicked thought** in your heart, saying, 'The seventh year, **the year of release**, is at hand,' and your eye be evil against your poor brother and **you give him nothing**, and he cry out to the LORD against you, and it become sin among you. :11 "**For the poor will never cease from the land**; therefore I command you, saying, 'You shall **open your hand wide to your brother**, to your poor and your needy, in your land.' :12 "**If your brother**, a Hebrew man, or a Hebrew woman, **is sold to you and serves you six years**, then in the **seventh year** you shall let him **go free from you**. :13 "And when you send him away free from you, you shall **not let him go away empty-handed**; :14 "you shall **supply him liberally from your flock**, from your **threshing floor**, and from your **winepress**. From what the LORD has blessed you with, you shall give to him.

UNIQUE SITUATION (Communal)

Early Days Of The Church

ACT 2:44 Now all who believed were together, and had all things **in common**,⁴⁵ and sold their possessions and goods, and divided them among all, as anyone had need.

ACT 4:32 Now the multitude of those who believed were of one heart and one soul; neither did anyone say that any of the things he **possessed was his own**, but they had **all things in common**.

THE PRIMARY ASSETS FOR ETERNITY ARE TIME AND MONEY WHAT WE DO WITH OUR TIME AND MONEY DETERMINES OUR ETERNAL WEALTH.

PERSONAL FINANCIAL PLANNING

Let's begin this discussion by looking at, and discussing, some sample goals and benchmarks at specific ages.

Sample Goals and Benchmarks at Specific Ages

20-30 Years

- Establish credit
- Open bank accounts
- Invest in eternity
- Purchase health, and auto insurance
- Begin to formulate tax strategies
- Set aside one-tenth of income in savings
- Invest in an IRA or pension plan
- Make a will

30-40 Years

- Purchase a primary residence
- Review net worth and analyze cash flow
- Establish children's education fund
- Continue to invest in eternity
- Review insurance coverages
- Formulate strategies to save on taxes
- Open a fund for emergencies
- Accumulate a reserve to start a business
- Invest discretionary income
- Budget and reorganize finances

40-50 Years

- Take stock of your assets
- Plan for income to increase and expenses to decrease
- Continue to invest in eternity
- Invest in income property
- Invest in tax-free vehicles such as municipal bonds
- Review and revise your will
- Plan to travel

50-65 Years

- Look for weak spots in retirement plan
- Check with Social Security on benefits
- Continue to invest in eternity
- Sell some assets and reinvest for future income
- Evaluate whether to retain your home or purchase a retirement home
- Think about relocating
- Review life insurance
- Check your health insurance coverage
- Consider early retirement
- Revise your will

Retirement Years

- Have adequate medical care and emergency funds
- Continue to invest in eternity
- Continue working part time if possible or necessary
- Shift assets and reinvest in income-producing vehicles
- Enjoy activities you have put off for years
- Review and finalize your will and your estate planning
- Consider establishing a living trust
- Consider ways to avoid estate taxes

A SPENDING PLAN THAT WORKS

Most people don't come to financial planning until they have some money. They start with the question, "How should I invest?"

You should start earlier. The right question is "How will I get the money that I will then wonder how to invest?" You need a way to acquire cash.

You can win your kitty in a lottery. You can hope to marry well. You can wait for the ground to open before you, and a delicate hand to thrust \$100,000 into your waiting wallet. Or you can cull the money from what you earn. Save it or borrow it. You are the source. If you do something you'll have something. If you do nothing.....(finish the sentence yourself).

The earlier this idea hits you, the richer you can be. Time is as much a money machine as earning power. Funds put away at 25 are worth far more than funds put away at 40, which in turn are worth more than funds put away at 55. So let's do something.

There are two or three basic, basic, basic things that I want to accomplish today. One is to start saving. Its echo is to start saving early.

	EARLY SAVER	-----	LATE SAVER
	DEPOSITING \$1,000		DEPOSITING
	A YEAR AT 8%		NOTHING
YEAR 1	\$1,083		0
YEAR 5	6,397		0
YEAR 10	15,939		0
	DEPOSITING NOTHING		DEPOSITING
	BUT BUILDING AT 8%		\$1,000
			AT YEAR AT 8%
YEAR 11	\$17,267		\$1,083
YEAR 15	23,778		6,397
YEAR 20	\$35,471		\$15,939
YEAR 25	52,914		30,174
YEAR 30	78,934		51,410
YEAR 35	117,751		83,088
YEAR 40	175,656		130,344
YEAR 45	262,036		200,839
YEAR 50	390,895		306,000

Before we can invest, we must have a budget. Before we can budget, we must have a plan. Before we can plan, we must know where we are. To know where we are, we must have a balance sheet.

To find your net worth, add up the value of everything you own (your assets), figured at what you could reasonably sell each item for. Then subtract everything you owe (your liabilities). The remainder is your net worth.

It is the money you would have if you converted all of your property into cash and paid off your debts. If you owe more than you own, you have a "negative net worth," and maybe an ulcer.

Your aim is to raise your net worth every year, through a combination of new savings and sound investments.

Just as important to increasing your net worth each year, you need a good balance between assets that are tied up, like your house, and assets that can quickly be turned into cash.

Those parts of your net worth that are always on tap are your *quick assets*, like cash, mutual funds, stocks, bonds, and life insurance cash values. You fall back on your quick assets in an emergency.

Those parts that might take a long time to sell are the *slow assets*, like most real estate. Don't load up on slow assets until you have plenty of quick assets on tap.

Some of your net worth is effectively frozen. I'd include here that portion of your home equity against which the bank won't make a loan; an interest in a limited partnership that can't be sold easily; money owed to you at some point in the future; a lump sum due from your pension plan.

Yet another part of your net worth is *restricted*, in that it can be reached only by paying a penalty. This included most not-matured certificates of deposit; a 401 (k) plan; various other forms of pension savings---like Individual Retirement Accounts, Keogh plans, and tax-deferred annuities---if you're younger than age 59.5.

We'll see that it is a picture of our financial condition at a particular time. It is also necessary for keeping score.

Start your plan by figuring your present net worth. Recalculate it once a year, at least. These figures, and the changes in them, will show you a lot of interesting things:

SOME THINGS A BALANCE SHEET WILL SHOW

Show the "bullet" slide

- * Whether your debts are under control. Is your indebtedness growing faster than the money you're saving.
- * How well you're investing the money you save. Does your investment account generally rise in value. Or are you losing money faster than you're putting it away?
- * How much money you could lay your hands on in an emergency. Do you have enough readily salable assets to help you through a bad time, or are too many of your assets tied up?
- * Whether you need more life and disability insurance. What income could you get from your assets compared with how much you need to live on?

Now that we have some idea of what a balance sheet looks like and how to prepare one, we can then begin to think about a financial plan.

A SPENDING PLAN THAT WORKS

Make yourself a spending plan. Not for discipline, nor for tidiness, not because your mother told you to. Make it for your own sake. That's the only way to coerce your money into doing what you really want.

A SPENDING PLAN ALWAYS WORKS. It captures the cash that slips through your fingers, unnoticed, every day. It discriminates between what you really want and what you buy because it's there. It rescues you when your income falls short. It lets you save money painlessly, and that's the truth.

A plan is an active strategy for getting wherever you want to go. It starts with a general idea: "I want to be a better steward." "I want to get out of debt." "I want to live better." "I want to invest more." "I want to retire early." Then it breaks up that dream into small, specific, everyday actions that you can accomplish one by one.

Plans always have to be written down. And they need simple measuring posts to show how you're doing. Imaginary plans that you follow in your head won't get you anywhere.

To start, take this test: Write down where your money went last month. Don't do it from memory; use your checkbook for reference.

Compare the result with your take-home pay. Odds are that you can't account for all the money. In fact, there will probably be a substantial gap between what you earned and what you can remember spending.

Here's another test: Of all the things you bought last month, how many could have been put off for 30 days without doing any harm? And then put off for another 30 days? You probably could have postponed quite a bit. In fact, now that you think of it, some of what you bought may not be worth the debt you're carrying.

Now the final test: How inviolate, really, is your must-spend list? Can you cut your taxes, pay less for insurance, refinance your mortgage to get lower payments, find a cheaper apartment, sell your second car? If you paid off more debt, you would reduce your interest payments.

I am not advising that you lower your standard of living. Good financial planning starts from where you are (your balance sheet) and makes things better. On the other hand, neither should you feel locked into your current way of life, no matter how immutable the bills may seem. There are—*alternative realities*. And you're going to find them.

A plan says, "You can get what you want just by figuring out how to do it." It's a positive step that allows for choices and new ideas. It puts you in control.

LET'S LOOK AT
SEVENTEEN REASONS TO HAVE A SPENDING PLAN

SEVENTEEN REASONS TO HAVE A SPENDING PLAN

1. To find out what you're spending money on. Few of us know.
2. To extract more money for savings and investments.
3. To make a decision about quitting work, moving, building a house.
4. To get out of debt.
5. To show both spouses where the money goes.
6. To live on your income.
7. To prepare for big expenses like college, a new house, or a major vacation.
8. To retool your life after losing a job, losing a spouse, becoming too sick to work.
9. To keep money from slipping through your fingers.
10. To determine the minimum income you can live on...so you can handle a cut in earnings, erratic paychecks, a period of re-training for a different job, early retirement.
11. To know how you'll handle unexpected expenses.
12. To be able to buy what you want.
13. To prepare for harder times.
14. To make the best use of the money you get in better times.
15. To get the whole family pulling in the same direction.
16. To put a tool in your hands that can change your life.
17. To put your new financial plan into action. Which plan? The one you're going to develop as we continue this discussion.

THREE REASONS NOT TO HAVE A PLAN

1. You're rich enough to buy anything you want and still have plenty of money left over.
2. I forget the other two.

A LIST OF FREE EXCUSES FOR DUCKING THIS JOB

(let's look at the slide)

1. ***Making a spending plan takes too much time.*** (It will take no more than a weekend of thinking, research, and erasing what you just wrote down---followed by a few minutes every day for a month or so. In the beginning, you'll spend an hour or two, once a month, to see how you're doing. After that, it's just as easy as spending money without a plan.)
2. ***I won't keep it up.*** (But you might. Most people do, once they decide they want better control of their money---because this is the only way to get it. As soon as your plan is up and running, there's not a lot more to do.)
3. ***I don't want to live in a straitjacket.*** (You won't. your plan will move and breathe. If it pinches, you can change it. It will always include a provision for buying some of the things you really like, so you won't feel deprived.)
4. ***I hate arithmetic.*** (So what!)
5. ***None of my friends do it.*** (Too bad for them.)
6. ***I budget in my head.*** (And all your good intentions run out your ears. You're sure that you have an extra \$55 this month for a mock-turtle sweater. Then you discover you can't pay the dentist.)
7. ***I'm too tired, too young, too old, too busy, too poor, not poor enough. My husband, wife, daughter, parakeet won't cooperate. It won't work, can't work, would drive me bananas if it really did work. I'm too dumb, too smart, too short, too tall, and too fat.*** (You can always think of reasons not to take charge of your life. But why not change?)

A SPENDING PLAN THAT WORKS

How To Begin

Write down all your cash expenditures every day for a month. And I mean everything. Carry a notebook in your pocket or purse so that no expense will slip away. Start with "Monday, January 6" and go on to "Tuesday, January 7." Day by day by day.

Some things may seem too trivial to bother with. Coffee, newspapers, flowers, an apple. But look at it this way: If you saved \$5 every day for a year you'd have \$1,825. That would nearly fund your Individual Retirement Account. What if you only found \$50 a month? Small expenses are not trivial. Let's see what \$50 a month could do for us.

GROWTH POWER OF MONEY

Future Value of \$50/month Saved Compounded at Various Earnings Rates

End of Year	6%	8%	10%	12%	14%
1	\$ 617	\$ 622	\$ 628	\$ 634	\$ 640
5	3,489	3,674	3,872	4,084	4,310
10	8,194	9,147	10,242	11,502	12,953
11	9,316	10,529	11,943	13,595	15,528
12	10,508	12,029	13,822	15,953	18,487
13	11,772	13,646	15,898	18,610	21,888
14	13,117	15,401	18,190	21,605	25,797
15	14,541	17,302	20,724	24,979	30,289
20	23,102	29,466	37,949	49,463	65,095
25	34,650	47,582	66,296	93,942	134,890
30	50,226	74,579	112,928	174,748	274,901
35	71,236	114,807	189,636	321,548	555,763
40	99,575	174,550	316,204	588,239	1,117,716

Let's also take a look at this table in graph form at 10 percent.

During this month make no effort to change your spending habits. You're simply making a snapshot of how you live now.

Take one weekend to go through your checkbooks and itemized bank card statements for the past six months. Write down the size of your regular monthly bills: utilities, mortgage/rent, car payments, etc. On another sheet, write down your intermittent expenses: clothing, insurance payments, birthday presents, car repairs, dentist bills.

Some spending is hard to reconstruct. Maybe you've been throwing out old credit card bills. Maybe you haven't been noting on your checks exactly what the money was for. When your records are bad, it might take two or three months to learn where all the money goes.

Once you've got the information, organize it into categories, showing how much you spend every month. Laundry. Groceries. Drinks. Books. Cosmetics. Gasoline. Credit card debt. Haircuts. Restaurants. Children's clothes. Your clothes. Doctors. Real estate taxes. The more precise the better. You need a detailed picture as a starting point.

Construct a chart of how you spent your money, month by month, over the past six months. Assume that the walking-around expenses that you recorded in your notebook will always be the same.

Now write down your monthly income, minus federal, state, and local income taxes, Social Security taxes, and any other automatic deductions. Include all your income: wages, annuities, pensions, dividends, interest, rents, everything.

BUDGET AND CASH FLOW WORK SHEET

	LAST YEAR ACTUAL		THIS YEAR PROJECTED		THIS YEAR ACTUAL	
	Annual Total	Monthly Average	Annual Total	Monthly Average	Annual Total	Monthly Average
INCOME						
Salaries						
Bonuses						
Self-employment						
Dividends						
Interest						
Rentals						
Other						
TOTAL INCOME						
EXPENSES						
Mortgage or rent						
Food and beverages						
Utilities and fuel						
Gas or oil						
Electricity						
Telephone						
Water						
Insurance premiums						
Home						
Auto						
Life						
Health						
Installment and credit card payments						
Loan payments						
Household maintenance and repair						
Automobile						
Gas and oil						
Repair						
Public transportation						
Clothing						
Medical						
Dental						
Personal care (haircuts, etc.)						
Books/magazines						
Furniture						
Entertainment						
Gifts						
Charitable contributions						
Hobbies						
Taxes (not withheld)						
Savings and investments						
Vacation						
Retirement						
Other						
Tuition						
Miscellaneous						
TOTAL EXPENSES						
SURPLUS OR DEFICIT						

PERX11

SPENDING PLAN
Month-----, 19----
Total income -----
Special goal -----
Reserve fund -----

Expenses	Current Spending		Actual				
	Spending	Plan	Wk 1	Wk 2	Wk 3	Wk4	Total
Savings							
Mortgage/Rent							
Heat/light/water							
Telephone							
Life Insurance							
Health Insurance							
Disability Insurance							
Homeowner's Ins							
Auto Insurance							
Auto Loan							
Credit Card Payments							
Back Bills							
School/college							
Child care/support							
Groceries							
Clothing							
Doctor/Dentist							
Veterinarian							
Gasoline							
Restaurants							
Entertainment							
Sports/pastimes							
Books/magazines							
Repairs/upkeep							
Housecleaning							
Personal care							
Contributions							
Furniture							
Birthdays							
Vacations							
Walking-around money							
Totals							

Compare your spending with your income, and don't panic if you're in the red. That's what a spending plan will fix.

The snapshot you took may surprise you.

Many people learn that---except for credit card repayments---they are actually spending less than they earn. They are short of money only because they are doing battle with old debt. Once they pay it off, they'll have a substantial sum of money to invest.

Others are astonished at how much they are spending on particular items---books, fast-food restaurants, tools, hunting, fishing. You *must* spend money on yourself; otherwise your spending plan will be too disheartening to stick with. But maybe you can pick out one thing and cut down on some others. Get a library card, make your own hamburgers. That frees cash for something else.

It is not unusual to discover that you are better off than you thought. Fear often arises from ignorance. Once you take an organized look at your situation, you might see that your worries have no basis in fact.

On the other hand, if you really are in trouble, you'll learn by how much.

Above all, you'll find out where the money goes, because most of us really don't have a clue. With that snapshot as a guide, you are ready to channel some of your spending in new directions.

WHAT DO YOU REALLY WANT?

(Put up slide for "Spending Plan" for this discussion)

First, you enter your current "Goal" at the top of the page. That *will* be funded every month, before you pay any other bills. Don't even give it a moment's thought. Set the money aside, and then start to juggle. Just having the goal transforms a budget into a plan.

Second, there's a column called "Current Spending." Here, you write down what you've been spending in every category. This is your benchmark---the money habits you have now, which you want to change.

Third comes your "Spending Plan." Play with your income and expenses and write down where you'd like the money to go.

Fourth comes the payoff---the column called "Actual." Once a week at first, enter what you actually spent in each category. If you're paying more than you planned for "telephone" or "anything," you may have to strengthen your resolve. On the other hand, maybe your spending plan is unrealistic and should be changed. After several months, you'll arrive at a plan you can live with. Then it becomes a habit.

Some Technical Matters

Start with a six-month plan, to see how it works. One year is too long for someone just learning where the money goes.

Make your categories specific. For example, instead of lumping all your medical expenses together, create separate columns for Doctor, Dentist, Therapist, Medicines. Instead of "Utilities," write Water, Electricity, Heat, Telephone.

To cut spending, squeeze a little something out of every category rather than slashing just at one or two. Above all, don't wipe out all the things that you enjoy (if you can). You need to have the incentive to carry on. Every member of your family needs to participate.

It helps to enter your spending weekly, so you won't lose track. The categories in the sample Spending Plan are just a suggestion; most plans contain many more.

When a bill is paid quarterly, budget for one-third of it every month. For the first two months, that money stays in your checking account; the third, you'll have enough for the payment.

If you're an irrepressible spender, move the funds into a savings account where you won't notice them. Or subtract one-third of the cost from your checkbook every month, without actually writing the check. If you don't see the money, you won't spend it (I hope). When you balance the checkbook, just add back the funds that were subtracted.

Handle clothing the same way. Budget a certain amount every month and let it build up. Some months you'll exceed your plan but over a year it should even out.

Unexpected expenses, like car repairs or an operation for a sick dog, should be listed by their proper categories so you'll know how much you've spent. But you can't specifically budget for them. Instead, put some money for these bills into a reserve fund every month. We'll talk more about the reserve fund in a moment.

You will have some bothersome spending overruns. Don't quit: just try again. Spending plans don't prohibit splurges. They merely show you---graphically---that for every extra purchase, you have to cut spending in another category or go further in debt.

Add up your spending every month to see how you're doing. Juggle the categories; some will be high, others will be low. But it shouldn't take long to work it out. If you overspend in one area in January, you'll have to find a place to compensate in February.

YOUR RESERVE FUND

This has nothing to do with your savings or investments. Nor is it the money that you build up over a couple of months in order to pay your quarterly bills.

Your reserve fund is your accident insurance. Use it when the roof leaks, the car needs a valve job, your son breaks his arm in two places, the furnace dies. It is *not* discretionary spending. If you empty this fund for a cashmere coat or a fishing rod, you'll be cutting a hole in your safety net.

Any money drained from your reserve should be put back as fast as you can earn it. For a while, that becomes your top budget priority. Forget your other savings goals until the money is repaid.

The reserve also shores you up if you lose your job. Typically the fund should contain three month's living expenses, kept partly in a ready bank account or a money market mutual fund, for easy access, and partly in certificates of deposit. Enlarge this fund, if you must pay a lot of medical expense out of pocket.

The self-employed need a larger fund, to guard against the risk of business drying up from time to time. So do people who smell layoffs coming at their companies.

In recent years, reserve funds have fallen out of fashion. "Cash on hand" has meant borrowing on your credit cards. But a lot of credit cards are now borrowed up, and consumer interest payments are no longer tax-deductible. The bank may freeze your credit line if it learns that you're unemployed. Cash is again becoming king.

WAYS TO SHIFT SPENDING

(LET'S LOOK AT THE FORMAT OF A TYPICAL BUDGET)

To get more money for something you want, you have to spend less on something else. That's all there is to it. You can climb the highest mountain, consult the wisest man, and you'll get the same answer.

You can borrow the money---but then you'll have even less to spend, because there's another loan to repay. Too many loans, and pretty soon you are really *poor*.

Everyone finds different ways to save. But here are some sure-fire places to look.

Bury your credit cards. Charge nothing. Interest payments will then melt away. (OK, charge *something*, but not much.)

Declare a new-clothes moratorium until you have your present ward-robe paid for.

Rent, don't buy, things you rarely use. Or split the cost with a neighbor.

Buy peanut butter labeled Peanut Butter. If you hate the generic stuff switch back the higher-priced brand names, but try the cheap one first.

Shop with a list and stick to it. No impulse purchases, unless.....unless there's a terrific sale. Then buy in bulk. You say you can't be bothered saving \$5.50 on tuna fish? Do you realize that you need \$137.50 in the bank to *earn* \$5.50?

Own an economy car. It runs on economy gas, with economy insurance and economy repairs.

Use up your savings to get out of debt. Only losers pay 20 percent on their credit cards so they can keep on earning 5 percent on their bank accounts.

Never pass up a garage sale. (But pass up most of what's there. It's hard to believe what people buy at garage sales and then chuck into their own garages.)

Don't trust any bills, especially those that are computer-generated. If you take time to check for errors, you'll find a lot of overcharges.

Stop subscribing to magazines you don't read. That not only saves you money, it saves the space next to your bed where they pile up.

Refinance any high-rate loan. But use home-equity loans to eliminate credit card bills *only* if you're swearing off your credit cards. Other-wise you'll wind up with two debts where there used to be one.

Learn to love your neighbors. With them, you can pool services like transportations. You can even swap skills: You paint my garage and I'll do your taxes.

Track down all local resale shops, discount centers, and factory outlets.

Sell something that is expensive to keep and that you don't use regularly.

Call your mother in the evening, at cheap rates. Better yet, write, don't call. Or don't write. Maybe she'll call you.

Maintain your car properly so you can keep it longer.

Eat more meals at home.

Ask your doctor to write prescriptions for generic drugs.

Look for cheaper insurance. You might find a company that charges less than you're paying now. Take a larger deductible on your fire and auto coverage. Cancel collision insurance on an old car. You might find that it's not even worth insuring, because the company won't pay much toward it's repair.

Look for cheap entertainment. Museums. The zoo. Parks. Picnics. Parades. Friends.

If you can, do your own home repair, car repair, sewing, painting. If you can't try swapping skills.

Pay cash for gasoline instead of using a credit card. You might save up to 5 cents a gallon at many service stations. And use self-service pumps.

Eat more meatless meals. They're good for you.

Switch to lower-watt bulbs in all but your reading lamps.

Find new uses for things instead of throwing them out. The handier you are, the more money you'll save.

When you think you're at rock bottom, with *all* of the air sucked out of your budget, go back for one more try.

WHEN THERE REALLY IS NO MONEY

When you're truly living on a wing and a prayer, it is fruitless to look for meaningful budget cuts. You'll have to increase your income in some way. A second job. A better job. A session of night school, to qualify for a different line of work. A sideline business run from home.

If those routes aren't practical, try for a job with better employee benefits. A company puts money into your pocket by paying most of your doctor bills, as surely as it does by giving you a raise.

HOW LONG, HOW LONG

Keep up your monthly budget for as long as it takes to get more from your money. By then, you should know how to do it without always putting a pencil to paper.

As your goals change, however, you may need new spending plans to achieve them.

Your first year's aim might be quite modest: "Reduce by half my credit card debt," achieved by doubling payments every month. Having succeeded, you'll get more ambitious: "Carry no debt and build a reserve fund." Then you'll move on to: "Save 10 percent of my income."

Along the way you'll have mini-goals. Write them down, allocate money to them, and check them off as you succeed.

Sometimes you'll force a goal on yourself---for example, by buying a house. Meeting your mortgage payments then becomes your first priority. All the rest of your spending shrinks.

Some people say that once you've got a plan that works, there may be no reason for keeping monthly accounts. But start over if:

- * Something changes in your life.
- * You begin to feel that you're losing track.
- * You notice credit card use with stretched payments.

I would rather maintain control once I have it.

SPECIAL PROBLEMS WITH IRREGULAR INCOMES

Neat monthly spending plans may sound hopeless to the person without a regular paycheck. But you can do it, easily. Start with the premise that your total income is more predictable than when your paychecks will arrive. And budget this way.

Draw a regular, monthly plan based on the smallest monthly income you expect. Whenever a fee comes in, put it in the bank and spend it in strict accordance with your budget. If there's money left over, leave it alone; it might be a while before another check comes in.

Build a reserve fund of about six month's expenses. Once you have that, you can risk spending any extra money you earn.

If, after a few months, it appears that your income will fall short this year, revise your spending plan downward. If you're doing better than expected, revise it upward. Whenever you dip into reserves, replace the money before doing any more extra spending.

PLANNING FOR A RAISE

Will you gross an extra \$2,000 this year? If you spend it all, you'll be worse off than you were before. A \$2,000 raise may leave only around \$1,200 in the bank after all your deductions are taken out. Spending the gross puts you into debt---which is why so many people feel poorer and poorer as their incomes rise.

Anyone allergic to saving money should regard a raise as a Main Chance. Just pretend it didn't happen. Keep on living the way you did before and put the extra money in the bank. Or buy one thing and save the rest.

PLANNING WHEN YOU'VE BEEN LAID OFF

At first, you may panic---especially if you've never lost a job before. You're spending every penny you make. How can you live on a nickel less? *This very month*, the bank will foreclose. The creditors will cart off your furniture. You'll join the homeless.

Not so. You have far more financial resilience than you imagine. Here's what to do.

1. Draw up a bare-bones spending plan. Cover the mortgage/rent, car loan, utilities, gasoline, food, insurance, and the expenses of looking for another job. At first, budget only for these. Put all other bills aside.

2. Add up what remains of your regular income: a second paycheck in the family, interest from savings, dividends, unemployment insurance. Don't reject unemployment payments.

Many white-collar workers are ashamed or afraid of standing in unemployment lines. But times have changed. Whole echelons of middle management are being laid off. Your ex-employer pays taxes to assure that you get some financial support between jobs, and you should take every nickel due you. You'll find your peers in line behind you.

3. Compare your remaining monthly income with your bare-bones spending plan. There will probably be a gap. Write down how much more you're going to need each month.

4. Add up all your lump sums of money: a final paycheck due from your company, severance pay, savings, investments. A portion of this cash reserve can be used each month to fill the gap in your spending plan. *Your goal, at this point, is to find a way to cover your essential bills for at least nine months, and longer if you think your job hunt will be a tough one.*

(But don't spend a lump sum from your retirement plan unless absolutely necessary, because of the taxes and penalties you'll owe. We'll talk more about that at another time.)

5. Try to reduce those expenses that look immutable but might not be. Promise that all back payments will be made up, with interest, when you get a job. You can almost always make a

deal. Take the same approach with any other service that you feel should not be interrupted, like dental procedures.

6. If you have enough income left over, after covering bare-bones expenses, allocate it to other expenses, like paying the minimum on your credit card bills.

7. **Do not pay what you can't afford to pay!** That sounds obvious, but it's a basic rule of survival that laid-off workers violate all the time.

Make *no* payments on postponable bills, if doing so means that you'll run out of money within a few months. Don't worry about hurting your credit rating. You can repair it later. It's far more important to conserve your savings in order to keep the lights on, the telephone working, gas in the car, and food on the table.

You *must*, however, tell your creditors what you're doing. Write each one a letter, explaining that you have been laid off and cannot currently pay your bill. But say that you will, absolutely, resume making payments in full (including interest and late charges) when you get work. Another approach is to say that you will pay \$5 to \$10 a month as a token of your good faith.

Many creditors will take this deal. If they don't respond (or if only their computers respond, with another bill), telephone for a personal appointment to discuss the debt.

If you don't find work in a couple of months, write or call again. This keeps the creditors informed and reassures them that you're not going to skip.

HOLD TO YOUR POSITION, EVEN IF THEY BLUSTER, THREATEN TO RUIN YOUR CREDIT RATING, OR CLAIM THAT THEY'LL SUE. Keep on explaining your situation, in reasonable language.

Say that you're out of work; say that you'll pay eventually; say that you can't pay now, or can only pay \$5 a month. Don't cave in, even if your account is turned over to a bill collector.

Your number-one priorities are to husband cash, hold your life together, and keep your job search going. When you find a job, and you will, you can work out a repayment plan.

It's tough to write those letters and make those appointments. You'd rather keep your joblessness---and your cashlessness---a secret. But by coming clean, instead of ducking, you stand a better chance of getting your creditors to lay off.

8. If two months pass without a job nibble, talk to the bank that holds your mortgage. It might agree to accept only the interest payments for a few months, letting the principal coast. This will take a personal visit, but it usually works.

9. Try to bring in some extra income. Sign up with a temporary-help agency. Pitch for consulting jobs. Advertise your services in the neighborhood. If your spouse doesn't work, it may be possible now. Ask your teenagers to pitch in with after-school jobs.

10. How should you handle a lump-sum payout from your company pension or tax-deferred savings plan? Ideally, you'd roll it into an Individual Retirement Account to avoid current taxes and to keep the money building up.

But if cash is short, you might not have the luxury of keeping your retirement savings whole. Some of the funds might have to go for current bills.