

7 steps to a fear-free money plan

By Donna M. Phel

Money worries can lead to sleepless nights for just about everyone, but surveys routinely reveal that women more than men feel the anxiety from a rocky financial situation.

In a 2014 *Money* magazine survey, for example, two-thirds of women said they were worried about their financial outlook, compared with 54 percent of men.

Recent studies also found that women tend to be overwhelmed by debt more frequently than men.

They are more likely to carry over a credit card debt from one month to the next, as well as pay only the minimum required by their lender.

That can lead to the misconception that women are bad with money, but that's not necessarily the case.. Emergencies arise. Children need school supplies. Elderly parents can need medication. The list can go on and on.

Women don't need to remain in perpetual state of anxiety.

Here are seven tips for developing a fear-free plan of action:

- **Learn financial basics.** Go online or to the library and read financial articles, books and newspapers. Seek the help of a financial advisor who can assess your situation, suggest ways to improve and create a financial plan that could get you on track for retirement.

Many women avoid going to see a financial advisor because they don't have any money or are deep in debt and believe they can't afford it, but that's precisely when you should see a

financial advisor.

- **Get organized.** Rid yourself of clutter and set up systems to keep track of paperwork. If the task seems overwhelming, take it a step at a time, such as cleaning out just one desk drawer a week.

Balance your checkbook regularly, too. Do it weekly or bi-weekly if possible, Phelan suggests, but never go more than a month. "This isn't a chore most people enjoy, but it's necessary for a healthy budget," she says.

- **Use cash instead of credit.** Credit cards distance us from the effect purchases have on our bank accounts, at least until the bill arrives. Cash, on the other hand, is an immediate reminder of the financial consequences of that purchase. Sometimes a reminder is a good thing.

One way to wean yourself off credit is to carry and use your checkbook and leave the credit cards at home.

- **Track your spending.** Write down everything you spend money on for one week. Then look in your checkbook and credit-card statements and write down everything you spend money on for one month. You will be amazed at how much you spend and where the money goes.

The next step is to create a spending plan. Write down how much income you have each month and decide how you want to spend it. Pay yourself first by saving a certain percentage each month. After that, list all your mandatory bills and find ways to cut non-essentials.

- **Look for ways to increase your income.** When you can't pay your bills each month, you have two options. Increase your income or reduce expenses. "It's likely some combination of the two will be necessary," Phelan says. "No matter how you view it, you need to start looking for ways to open up new income streams."

- Develop new retirement strategies. Women should create what I refer to as Stackable Income Streams to Empower Retirement Security, or SISTERS. Essentially, they need to “stack” enough dependable income streams to meet their monthly spending needs in retirement. Women should consider non-traditional residence sharing, such as renting out empty rooms, getting a roommate or downsizing, she says. They could create profitable home-based businesses from their hobbies. Women should consider delaying their retirement start date and working part-time in retirement.

- **Talk with other women.** What are your friends doing to better manage money and prepare for retirement? Consider forming a SISTERS club that meets regularly to discuss retirement planning. They might discover that they have ideas, talents and resources to share with other women, which might enhance the retirement planning experience and success of a larger scope of women.

Donna M. Phelan is the author of “Women, Money and Prosperity: A Sister’s Perspective on How to Retire Well”. She has spent 19 years at some of Wall Street’s largest and most prestigious investment firms.