

Managing Financial Challenges

EAP Article Series

The average American is experiencing more financial challenges today than ever before. Many live paycheck to paycheck and often spend more than they earn each month. Others have more credit card debt than savings.

As debt mounts, a number of behavioral and emotional “red flags” signal trouble. Here are some common examples:

Behavioral Red Flags

- **Overspending** – comfort buying and impulsive shopping
- **Borrowing** – loans from family and friends, use of credit card cash advances to pay off other credit cards and debts, payday loans
- **Self-Destruction** – abuse of alcohol or other drugs, compulsive gambling
- **Relationship Problems** – marital conflict, lying, sneaking and hiding spending, keeping a secret stash or accounts

Emotional Red Flags

- **Self-Image** – feelings of inadequacy, a need to prove self-worth, being hypercritical of yourself
- **Stress** – preoccupation with money matters, feeling trapped or unable to get out from under this “dark cloud,” physical symptoms
- **Depression** – loss of energy, motivation, changes in sleep patterns and appetite, sadness, even suicidal thoughts

What You Can Do

Here are 10 steps you can take to better manage your finances:

1. **Define Your Debt** – Make a list of all your debts and assets to get a clear picture of your financial situation. Be sure to include all regular monthly expenses (household, automobile/transportation, child care, food and clothing), outstanding debt (loans, credit cards, medical and dental bills), luxury items (entertainment, movie rentals, magazine and newspaper subscriptions, other activities) and sources of income (salary and wages, tips, gifts, interest and investment income, child support).

2. **Request a Current Credit Report** from one of the three primary credit bureaus.*
3. **Record Your Spending Behaviors** – Knowing where your money goes can help reduce your expenses. Allocate money first for the necessary living items, then use a portion of what is left for things you want.
4. **Increase Your Income** – Look for opportunities to earn more money with your current employer through job advancement, raises/bonuses or voluntary overtime. If the opportunities with your current employer aren't available, explore a second job.
5. **Set A Budget** – Make and stick to a budget that includes money for a savings cushion – a “just in case” account. Focus on your future spending and plan ahead.
6. **Use Your Savings** – Sometimes it makes more sense to pay off a debt with an 18 percent interest rate than to have a savings account that earns 3 percent.
7. **Look for Additional Resources and Assistance** – A number of social service and government agencies provide assistance for certain situations: The United Way and Salvation Army; TANF (Temporary Assistance for Needy Families); Energy Assistance; WIC (Women, Infants and Children); Free and Reduced Lunch Programs; and ChildCare Assistance.
8. **Contact Your Creditors** – Contact credit card companies and lenders to negotiate a better interest rate or minimum payment or to request a short-term reprieve.
9. **Get Credit Counseling** – A reputable not-for-profit consumer credit counseling agency can work with you and your creditors to determine a workable budget. For a small fee, representatives also can help you create a plan to pay down your debt over a specified period of time.
10. **Set Personal Financial Goals** – Consider what's most important to you, and where you'd like to be in one, five and 20 years. Then take the steps to get there. When you redirect your activities in a positive way, you can overcome your current debt challenges and enhance your self-image, emotional well-being and financial situation.

For additional resources and assistance, visit www.mutualofomaha.com/eap or call an Employee Assistance Program professional at **1-800-316-2796**

***Credit Reporting Agencies**

Equifax	1-800-6851111	www.equifax.com
Experian	1-800-397-3742	www.experian.com
TransUnion	1-800-888-4213	www.transunion.com