

## Keeping Afloat During A Financial Storm

Since the events of 2001, we've all been concerned with weathering the financial storm. Even when times are good and the economy is booming, a sudden setback such as the death or serious illness of the family's primary financial provider, loss of a job, divorce or bankruptcy can cause each of us to re-think our financial well being. Although it's impossible to protect yourself and your family from unexpected financial setbacks, there are some steps you can take to help get you through the storm.

➤ **Review your spending priorities.** Make sure you pay the most important items first—mortgage, utilities and insurance. Then review the “niceties” but not “necessities” in your budget—dining out, going to the movies and ballgames and ordering the “premium” cable channels. While you may decide to give up some of these items temporarily, you may find in the long run that you can do without them altogether.

Try to build a “rainy day” fund into your savings account so that you will have resources available in the event of a financial crisis. According to the experts, you should try to build a rainy day fund equal to 3-6 months of living expenses. In order to help you set aside money in this fund, make arrangements with your community bank to automatically transfer a certain amount of money each month from your checking to your savings account.

➤ **Review your credit spending.** Pay off your highest rate loans—usually your credit or department store charge cards—first. As you pay off these balances, consider keeping only one or two of the cards with the lowest interest rates. Additionally, try to pay more than the required minimum monthly payments and be sure to make your payments on time to avoid late fees and black marks on your credit report.

Think carefully before getting a cash advance on a credit card. This is considered a loan and interest charges will incur immediately along with transaction fees.



*Tips from your  
Community Banker*

When facing financial difficulty, consider refinancing your home mortgage. Although you need to consider loan origination fees and other costs, refinancing your mortgage at a significantly lower interest rate can save you a lot of money. You might also want to consider refinancing your auto loan.

➤ **Ask for Help.** If you think you have a serious financial problem, ask a family member or friend to suggest solutions to your problems or visit a credit counseling service. Be sure to use a reputable service and not a credit repair scam operation. Before signing an agreement, find out what the service involves, fees, qualifications of the credit counselors and how much input you will have in working out the details to improve your financial situation.

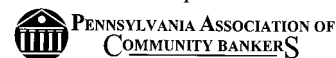
NEVER trust any service that promises to erase a bad credit history for a fee. According to FDIC fraud investigator Gene Seitz, “a bad credit history can only be repaired by steady and consistent on-time payments. Nobody can legally ‘erase’ bad credit overnight.”

### ➤ **Warning Signs of an Impending Financial Storm:**

- ✓ More than 20% of your monthly net income is going to pay back credit cards and loans (excluding mortgage).
- ✓ You're borrowing money to make payments on loans you already have.
- ✓ You're frequently at or near your limit on credit cards.
- ✓ You're paying only the minimum required on your credit cards.
- ✓ You're working overtime or a second job to cover food, housing and other necessary living expenses.

You can't always plan for the financial storm, but you can have a plan in place to get to calmer waters.

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*Note: These tips are intended to provide accurate, yet general consumer information. They are not intended to provide legal, accounting or other professional services. Please contact a professional service provider for specific questions.*