

## THE SKY ISN'T FALLING: THE 5 STEP FINANCIAL MAKEOVER

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Recently it seems as if the country has been taken over by the Henny Penny syndrome. With good reason everyone feels as if the sky is falling. We are paralyzed with fear. We follow the actions of others because they say we should. And it feels as if we walked right in to Foxy Woxy's den with the corruption of Madoff, Wall Street and others.

And if that were not bad enough, women in particular are at a further disadvantage. According to the census of 2006, women earn approximately 79 cents for every dollar men earn and due to time out of the workforce and lower earnings receive on average \$1000 less per month from Social Security. Since the average age of widowhood is 56 years old, most married women will outlive their spouses by at least 10 years. Women will live longer but with fewer resources. Since 90% of women will control the family finances at some point in their lives, the current financial turbulence must be a catalyst to make better money decisions and build better money habits.\*

What should you do? Consider a financial makeover. Ditch Henny Penny and remake yourself as the Little Red Hen. You may remember she took action from others' inaction. She thought for herself and did what she needed to do without knowing exactly where to start. She had food and she became self sufficient. Be the Little Red Hen. Embrace financial knowledge and follow the five following strategies to help you know where to take action in this time of turbulence.

**Know your budget:** If you have never built a budget, start with a journal and record every expense. Review items for necessity, especially excessive items that you should cut back on in this time of uncertainty. For example you may love your lattes but a \$3.50 latte a day adds up to \$1260 per year. Maybe those funds would go to a better use like saving. Review your budget and make changes to prioritize your spending.



**Get Perspective:** To find your personal road map, work with a financial advisor to build a financial plan. Simply stated, a financial plan is a written document that illustrates how your financial resources support your personal goals and needs over time. It should illustrate how you will build funds for goals such as retirement, children's education or buying a home. A plan will put you more in control about your financial future and likely help you to be more prepared for unexpected events. Regardless of market conditions or movements, you need to know how your financial resources support your goals and your whole life plan.

**Identify a Financial Advisor whom you trust:** With all the uncertainty and the corruption that has unfolded this may feel like a daunting task. However, if you have another advisor that you trust such as a CPA or attorney, ask her or him whom they might recommend. If you have friends in a similar situation to yours, ask if they have a good financial advisor that they use. Feel free to bring a trusted friend or advisor to your interviews or first few meetings with the advisor to get a second opinion. If you are married and have not been involved in the meetings with the advisors you need to ask to attend meetings to get to know these people. Over time, your instincts will likely help you to understand what next steps you need to take.

**Educate Yourself:** When you have questions write them down and call or email them to your advisor. A good advisor knows well educated clients are better clients and will welcome the dialogue. Take steps to get that financial literacy education. Questions will also help your advisor to understand your level of knowledge and interest. All questions are good because they open the advisors mind to your concerns and priorities. Some good questions now might be:

- How do my investments meet my time horizon?
- What adjustments do we need to make due to the turbulent economy?
- How and when will you provide feedback and updates?

**Have the tough conversations:** It is difficult to admit that our incomes and investments are lower. However, complacency will ensure that you cannot meet your financial goals. The financial turbulence should be the catalyst to revisit your money beliefs, values and habits and replace them with some better ones. You will gain much from talking these things through with family or trusted advisors. Be mindful that financial literacy is not just about money. Rather, it is about living your life from a place of financial strength so you can make your dreams come true.

Women have never been as powerful as we are today in terms of controlling money and leadership positions in both the private and public sector. However, we need to apply that power to our finances. Take action. Remake yourself over as the Little Red Hen, building strength from your own resourcefulness. Financial literacy is a girl's best friend.

\*source Senior Women Donors: Gift law Teleconference April 27, 2006