



# Extension News Column

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The financial markets have taken another tumble. Or at least, the overall economy hasn't improved as much as the financial whiz-kids would like. Are you taking a deep breath and dreading it, or are you taking advantage of the situation?

When most people hear of a recession, they tend to think of it as a negative. Not everything about it is negative, though. In recessions, people tend to make the most of their money.

For people who see a drop in their income, they are forced to find ways to spend more efficiently because they have to.

For people whose income level were not affected, they tend to spend more sparingly since there is a fear that their job may be next to go.

No matter if you have lost your job, or if you are just pulling back to spend less money, now is the time to take positive steps to increase our fiscal fitness.

**Know what you have.** Before you can live within your means, you need to know what your means are. Improve your fiscal fitness by taking stock of your money. You'll probably be surprised at how rich you really are!

As well as the cash in your pocket or purse, include piggy bank cash, bank balances and available credit from credit cards.

Go on a treasure hunt to find lost money. Look in coat and trouser pockets, through birthday and other greeting cards, jewelry boxes, dresser drawers, under furniture cushions, behind and under furniture, in your freezer, and under your mattress!

Count your assets. Although our money is an asset and all of our assets are types of our money, generally we're more inclined to think of assets as property.

Some assets like vehicles and appliances decrease in value over time. Yet, while they don't increase spending power, you can turn them into cash.

Long-term assets like real estate holdings, investments and personal property such as collections, artworks and antiques increase in value over time and actually enable us to save money and increase our wealth.

**Track your income.** Really track your income! If you have at least a month's worth of old check stubs, add them up and divide them to see what your average income is. Better yet, if you can add them for a quarter year and divide by 13 (number of weeks in a quarter) you'll get a more accurate view of your earning power. If you haven't saved check stubs, do it for at least four weeks. Don't just add your weekly wage times four. You'll be forgetting sick days and omitting extra income from overtime and holidays.

**Track your spending.** Once you know what money you have now and what income you can expect to get, it's time to find out where your money goes. Take a month and track your spending down to the penny. Make your first purchase a small notebook and pen that you can carry in your purse or pocket.

Record everything. In addition to tracking the cash you spend, use your notebook to record every bill payment, check, debit, and credit card expenditure. Include the amount you paid, who you paid (or where you shopped), and the date you made the purchase.

After a couple of weeks, you'll find yourself reconsidering if you really need that pack of gum or mid-morning cafe latte. However, this money management exercise is designed to show you how you usually spend your money. It's important during this month not to deny yourself your usual pleasures, no matter how trivial they are.

Taking stock of where you are and making a plan is crucial to improving your fiscal fitness. When all the downs are out of our economic system, will you maintain the money-saving habits that are picked up during this tough time and use them when the good times come?

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