

# Rebuilding Financial Security

## *Action Ideas for 2009*

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Texas A&M AgriLife Human Resources Friday On™  
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## 2008 Impacted Everyone

- Maybe your nest egg didn't shatter, but it has some serious cracks.
- Maybe your credit use got a little out of hand.
- Maybe you depleted your savings and want to start over.
- Maybe you are starting to re-think retirement.
- Or, maybe you are just looking for new ideas as you set financial action plans for the New Year.






## Economic headliners...

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- Recession, yes.... How long will it last?
- Unemployment could rise to 10%
- Stock values have plummeted, eroding values of retirement accounts, as financial markets fail
- Credit is very tight, lending limited
- Bank failures, mergers/consolidation
- Foreclosures and declining home values






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- Bankruptcy – personal and business
- Declines in consumer spending
- Financial fraud and loose regulations (Madoff's Ponzi scheme)
- Global impacts - Bank of England slashed interest rates to lowest level since inception >300 years ago.






## Click to add title

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- Solutions?: Countries returning to a massive government spending model (Keynesian) to fight recession
- WHAT TO DO?.....**macro** level  
>>>bailout/stimulus/investment/regulatory reform
- WHAT TO DO?.....**micro** level – consumer level – individual level




## Rebuilding financial security

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- Be bold...take a financial inventory
  - Goal: know what you have/what you owe
  - Goal: prepare a Net Worth Statement
- Get a handle on “cash flow”
  - Goal: track where your money goes
  - Goal: identify spending/saving priorities
  - Goal: prepare a written budget
  - Goal: adopt a recordkeeping system





## Rebuilding Financial Security

- Practice preparedness
  - Goal: Start or re-fund “emergency fund”
  - Goal: Have a plan for a reduction in income
  - Goal: Prepare for natural disasters
- Get to the heart of what matters
  - Goal: Write down your life goals
  - Goal: Fund your financial goals




## Rebuilding Financial Security

- Take a close look at credit practices
  - Goal: read your credit contracts
  - Goal: [www.annualcreditreport.com](http://www.annualcreditreport.com)
  - Goal: assess credit use/bill-paying habits
  - Goal: improve your credit score
  - Goal: refinance your mortgage?
  - Goal: set a target for becoming “debt free”
  - Goal: calculate your debt-to-income ratio





## Rebuilding Financial Security

- Park money in savings
  - *Macro vs. micro implications*
  - Goal: investigate/compare savings options
    - Banks and credit unions
    - Online institutions
  - Goal: look for savings strategies in every expense category of your budget
    - » **WHAT IDEAS DO YOU HAVE?**
  - Goal: engage children/family in saving \$
  - Goal: automate regular savings deposits




## Rebuilding Financial Security

- Rebuild confidence in investing
  - Despite drastic declines in portfolio values, be careful about executing actions that result in permanent losses!
  - Goal: Open those end-of-year statements
  - Goal: Invest more when mutual funds and investments are “on sale.”
  - Goal: Learn more about investing
  - Goal: Consult a financial professional.






## **“Six Lessons for Investors”**

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From John Bogle on January 8, 2009:

1. Beware of market forecasts, even by experts.
2. Never underrate the importance of asset allocation.
3. Mutual funds with superior performance records often falter.


## **“Six Lessons for Investors”**

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From John Bogle on January 8, 2009:

4. Owning the market remains the strategy of choice.
5. Look before you leap into alternative asset classes.
6. Beware of financial innovation.

Source: The Wall Street Journal, 1/8/09





## Rebuilding Financial Security

- Value the benefits we have as TAMUS-AgriLIFE employees
  - Goal: Re-visit your profile on HR Connect.
  - Goal: Re-assess your needs.
  - Goal: Mitigate your risks.
  - Goal: Take advantage of opportunities.





## Rebuilding Financial Security

- What is the new retirement reality?
  - Working longer/postponing retirement.
  - Saving/investing more.
  - Looking for other assets.
  - Working in retirement.

AND, WE MUST:


  - Anticipate living longer.
  - Anticipate higher medical costs.
  - Anticipate long-term care costs.





## Rebuilding Financial Security

- Learn more about retirement.
  - Social Security or CSRS (matched)
  - TRS or ORP (matched)
  - TDA (not matched)
    - \$25 minimum
  - DCP (not matched) [www.texasaver.com](http://www.texasaver.com)
    - \$20 monthly minimum
  - Roth IRA's and IRA's (on your own)




## Rebuilding Financial Security

- When will financial security be “rebuilt”?
  - Macro View
    - When consumer spending picks up and unemployment stops going down
    - When the economic headlines are +, not -
  - Micro View (individual consumer view)
    - When we feel comfortable about our ability to manage with the resources we have and to grow our savings and investments without excessive debt while we meet our foremost financial goals.
    - When our portfolio values start increasing.
    - When we feel we have a degree of control, including job security.





## Rebuilding Financial Security

- When will financial security be “rebuilt”?
- What are your thoughts??



## Thanks, everyone!

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