

*Financial Survival
During a Career Transition*

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Shrine Career Network

Legal Disclosures

- ★ This is not intended to be a sales seminar. The purpose of this seminar is to provide you with general information on financing a Career Transition.
- ★ There will be an opportunity to schedule an appointment for an individual consultation at the end of this seminar which may result in a recommendation of specific financial products that may help you achieve your financial goals.
- ★ There is no obligation to schedule an appointment or purchase a product.
- ★ Ms. Eudora Adolph is a licensed registered representative for securities, annuities, REITs, etc. and insurance agent in the state(s) of Michigan and Indiana.
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Eudora Adolph, Financial Growth Engineer, MBA ...

My mission is to help my clients achieve greater success by providing and enabling solutions focused on long-term, financial retention for high net worth individuals, families and businesses. The scope and breadth of my background, as a global program manager, professor, executive and entrepreneur, provides core strategic and financial experience that can truly assist my clients.

- Business and Personal Strategic Planning and Execution
- Major Life Event & Transition Financial Planning
(i.e. Divorce, Estate, Inheritance, Business Succession, etc.)

Agenda

1. Expenses

1. Housing & Utilities
2. Transportation
3. Food
4. Insurance
5. Health care
6. Clothing
7. Entertainment

3. Budget and Saving Tips

2. Income

Where to get it

- Savings and stocks
- Severance & unemployment
- House options
- Garage sale
- Rent or sub-lease any property
- Consulting or part-time work
- Significant spending cutbacks
- Home equity

Where NOT to get it

- Credit cards (unless very, very careful)
- Retirement fund (WAY too expensive!)

How Long Should You Plan For?

For every \$10,000 you want to make, assume worst case that it could take one month for your search.

- Example: \$90,000 desired salary=
9 months planning to be laid off

Don't spend to fill an emotional void.

After the Layoff Financial To-Do's

- ★ Roll your 401K for your former employer to a self-directed IRA
- ★ Maintain health care coverage (investigate other options if COBRA is too expensive)
- ★ Take inventory of all committed expenses and income sources
- ★ Evaluate and utilize home equity wisely
- ★ Notify your creditors and negotiate lower or delayed payments
- ★ Keep an eye on any vested stock options you own
- ★ Beware of the eventual tax burden of unemployment insurance payments
- ★ If you have a severance package, plan to save it for retirement if possible.
- ★ Consult with a financial planner to help you identify how long you can extend your finances
- ★ DON'T tap into your tax-deferred retirement savings (except as a last resort)

Starting to Budget

1. Create a game plan (financial inventory) detailing your savings, income and expenses. How much do you have and how much do you need to weather this storm?
2. Don't stress about it
 - Take inventory of all expenses and income. Track your progress.
 - Actively manage several areas where you can trim
 - Clothing, etc.
3. Write down EVERY time you spend money
 - This prevents surprises and gives you awareness of your true expenditures.
4. Get everyone on board
 - All family members should participate in helping control costs. This includes kids, both big and little.
5. Hold status meetings
6. Make a game out of budgeting

“The secret to building a budget that really works is not tracking what you spend, any more than counting calories is the secret to losing weight. The key is creating a sustainable structure for your finances...one that balances spending and income and leaves enough room to handle the unexpected.”

Source: Moneycentral.msn.com

Budget Tips

- ★ Your committed expenses should be 60% of your gross income
 - Food and clothing
 - Necessary household
 - Insurance
 - Charitable donations
 - Bills including luxuries like TV
 - Taxes
- ★ The other 40%
 - Retirement savings (10%)
 - Long-term savings (10%)
 - Short-term savings for the unexpected (10%)
 - Vacations, repairs, gifts, appliances, etc.
 - Fun money (10%)

Source: <http://moneycentral.msn.com/content/Savinganddebt/Learntobudget/P36153.asp>

Controlling Your Committed Expenses

- ★ Mortgage: Can you refinance and better utilize your equity? At minimum, you should arrange deferred, delayed or reduced payments.
- ★ Healthcare: To avoid a financial catastrophe, you need insurance. If COBRA is too expensive, consider other plans.
- ★ Utilities: Request budget billing
- ★ Insurance: Raise your deductibles on your house and car insurance.
- ★ Food: Shop every week or every 2 weeks. Plan all meals. Eat 1-2 meatless meals a week.
- ★ Current Credit: Contact for reduced rates, but also make sure all payments are on time to avoid high fees. Seek out reduced interest cards and cancel all high interest cards.
- ★ Charitable Contributions: Delay as possible. People will understand.
- ★ Loans for Boats and Other Non-essentials: Sell these luxury items.
- ★ Private Schools: Carefully consider the benefits vs. cost

Major Lifestyle Saving Tips

- ★ Simplify your life!
- ★ Quit smoking
- ★ Cancel cable television, but keep Internet
 - Internet is also available at the library
 - Oakland County is developing free wireless Internet access
- ★ Use a fan instead of air conditioning and wear sweaters in the winter
- ★ Monitor driving and gas expenditures
- ★ Cancel all non-needed telephone services and reduce cell phone usage
- ★ Buy used when possible
- ★ Embrace being at home
 - Eat in
 - Libraries have books, movies, and music (for free)
- ★ Enjoy Mother Nature
 - Use the parks for walks, stress relief, and entertainment
- ★ Negotiate all prices and shop for bargains
- ★ Ask friends and family to understand your temporary circumstances and for their support

Typical Household Spending

Average household spending		
Average income (before taxes)	\$51,128	% of expenditures
Average annual expenditures	\$40,817	N/A
Housing	\$13,432	33%
Transportation	\$7,781	19%
Other	\$6,153	15%
Food	\$5,340	13%
Personal insurance and pensions	\$4,055	10%
Health care	\$2,416	6%
Apparel and services	\$1,640	4%

Source: U.S. Department of Labor, Bureau of Labor Statistics' Consumer Expenditure Survey 2004

Suggested Budgets by Income

Here are suggested monthly allocations for three lower income budgets.

Category	Pct.	Net pay \$1,500	Net pay \$2,000	Net pay \$2,500
Housing	35%	\$525	\$700	\$875
Utilities	8%	\$120	\$160	\$200
Food	10%	\$150	\$200	\$250
Transport	15%	\$225	\$300	\$375
Clothing	4%	\$60	\$80	\$100
Personal	5%	\$75	\$100	\$125
Savings	5%	\$75	\$100	\$125
Debt	10%	\$150	\$200	\$250
Subtotal		\$1,380	\$1,840	\$2,300
Medical	8%	\$120	\$160	\$200
Total	100%	\$1,500	\$2,000	\$2,500

Source: Springboard

Saving on a Shoestring

- ★ Retrain Your Brain to SAVE
 - Embrace frugality
 - Seek inspiration and ideas on how to save
 - “Cry poverty – with style”
- ★ Now SAVE the excess
 - Direct deposit
 - Go veggie
 - Play money games to encourage saving
 - Never spend any windfalls
 - Haggle
 - Re-evaluate often
 - Don’t overpay any taxes
- **SAVE the excess (more ideas)**
 - ◆ Reduce your mortgage costs
 - ◆ Throw out catalogs (just a temptation)
 - ◆ Don’t pay unnecessary fees (ATM’s, etc.)
 - ◆ Clean things yourself (including some dry clean only items)
 - ◆ Pay less for long-distance
 - ◆ No pet pampering
 - ◆ Never pay full price
 - ◆ Raise your insurance deductibles
 - ◆ What ideas do you have?

Source: <http://moneycentral.msn.com/content/Savinganddebt/savemoney/P36020.asp>

Find the Financial Positives

This readjustment will force you to change your lifestyle financially.

Use this experience to develop new spending attitudes and approaches which can greatly impact your ability to save for retirement.

Remember,

retirement = permanent unemployment

Financial Layoff Survives Resources

- ★ Personal plan development and buyout offer analysis through AverTrust Advisors LLC (www.avertrust.com or also www.mybuyoutoffer.com)
- ★ Mortgage counselors with the Hope Now Alliance at 888-995-4673 or www.hopenow.com. Also, a nonprofit credit counselor, such as Green Path Debt Solutions at www.greenpath.com may be helpful.
- ★ <http://www.simpleliving.net/> and <http://www.thefrugalshopper.com/>
- ★ <http://www.finance.yahoo.com> and <http://www.moneycentral.msn.com>
- ★ <http://www.vistaprint.com> (free business cards)
- ★ <http://office.microsoft.com> (then click on templates, and then click on budgets in the templates list in the middle of the page)
- financial letters, tools, and charts can also be found in Microsoft Office for Home from the left menu

Additional Questions

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