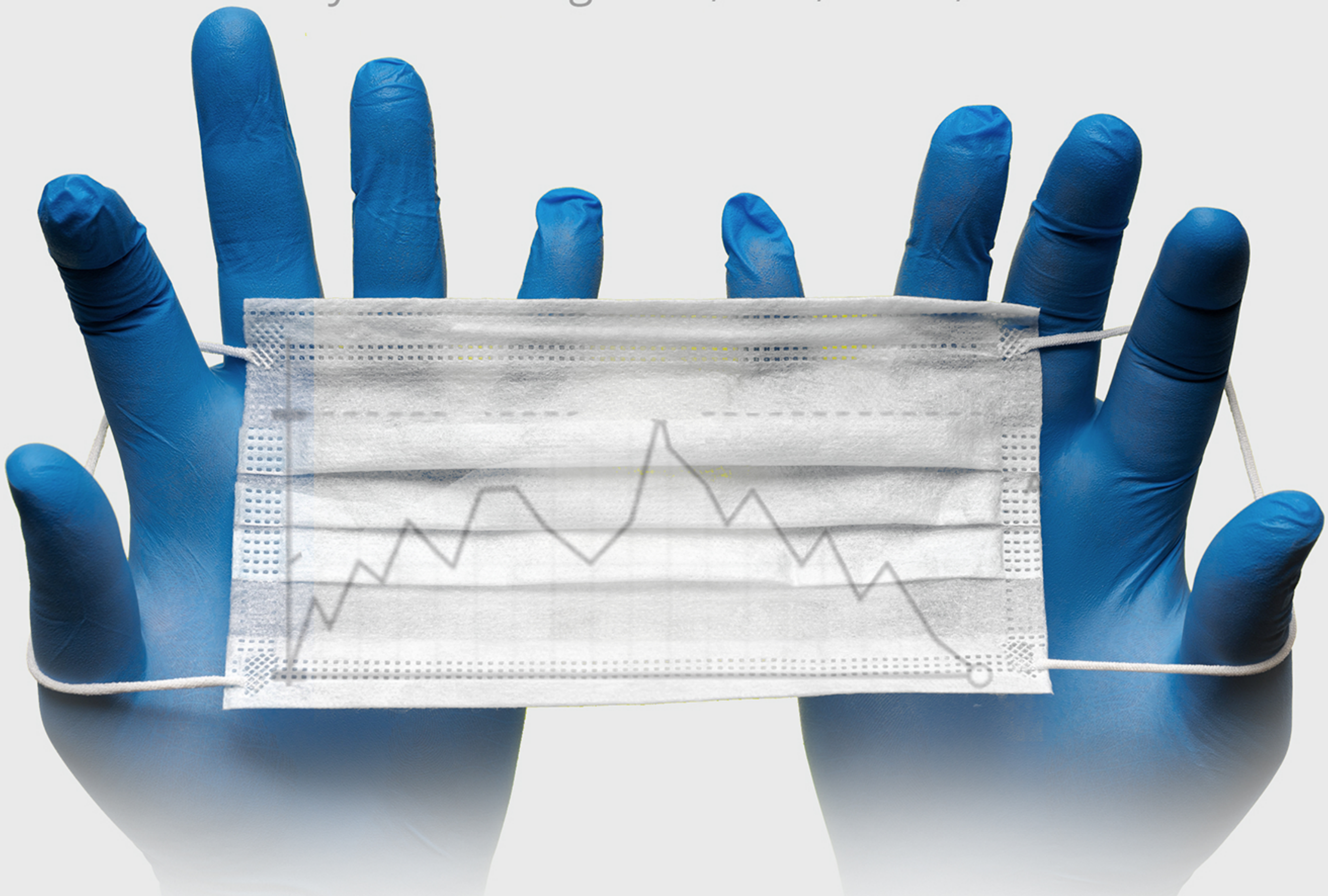
COVID-19 FINANCIAL SURVIVAL GUIDE

Key moves to help you right now and create future wealth.

By Robert Pagliarini, Phd, CFP®, EA



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INTRODUCTION/MISSION

The markets are in turmoil and the economic forecast predicts an unprecedented global recession. No, it's not 2007 again, but with memories of the Great Recession still fresh, fear towards the impending financial crisis may be intensified. The daily anxiety feels all too real, amplified by the international COVID-19 pandemic. In times of uncertainty, how can you ensure you'll make it through?

I first published this book to help people survive the Great Recession. In 2009, the country was reeling with market volatility, record unemployment rates, and economic unrest. Now, just over 10 years later, we're entering the next global financial – and health – crisis. While the cause is different, the economic situation is eerily similar, if not worse. The principles I laid out over a decade ago still apply and are more important to follow than ever. While I'll stick to the basics, I've updated this book with relevant information to help you survive the 2020 financial crisis and (potentially) come out a little better.

If you're living on the edge (or want an edge), this book is for you. The goal is to offer as many practical solutions as possible and show you specifically what you need to do to survive this brutal global health and financial crisis AND take advantage of it.

Warning: You will read things here that you haven't read before, and because of this, you may think I'm a little nuts. But remember, just because everyone is saying one thing doesn't make it the right thing.

Sometimes following traditional financial advice can get you in trouble. This isn't to say all traditional financial advice is bad. In a normal economy, it makes a lot of sense…but normal is so 2019. We need new strategies for the new challenges we face.

Of course you should pay off your credit cards, right? **Wrong.** Pay down your mortgage? **Nope.** Contribute to a 401(k)? **No way.** (when I went on Good Morning

America and told people to stop investing in their 401(k)s, you wouldn't believe the feedback I got!)

The question you should be asking yourself is, "Have I done everything I can to make sure I get through this economic crisis as safely as possible?" If you have, great. But you probably haven't done everything you're going to read here.

This is a how-to guide that will show you what actions you need to take to protect yourself and your family. I have no idea how long or how deep this global COVID-19 crisis is going to last, but as of this writing (April 2020), it's looking like it could be one of our ugliest periods of economic turmoil yet. Because nobody knows how bad it is going to get, you need to prepare for the worst.

This economic crisis has created millions of individual economic crises. People are losing their homes and living in their cars. Families are struggling to pay rent and put food on the table. But this is not a doom and gloom book where I encourage you to bury your head in the sand and count down the days to the end of civilization. There's some good news.

If you're a second-string basketball player who never sees any action, you'll never have a chance to show your skills or become known. But if the first-string superstar gets hurt, all of a sudden, there's an opportunity for you to step up and take advantage of the situation.

I guarantee that some people and companies will come out of this better and stronger. How? The first rule of success is that you must survive. You can't grow and succeed if you're worrying whether you can afford to pay the electric bill. The second rule of success is that you must be proactive. You need to jump into action and try to find the light where others only see darkness.

It's time to focus our time and energy implementing real strategies to help you not only survive, but gain an edge and take advantage of the situation . . .

This book is divided into five sections:

1. **Getting Started.** Before you jump into the meaty material, check this initial section out that lays the foundation for the rest of the book.
2. **How to Survive.** This section focuses on the financial tips and strategies you need to implement right away to survive the economic crisis.
3. **Take Advantage.** Can you come out of this financial crises stronger? Yes you can. This section offers ideas on how you can do just that.
4. **Keep the Faith.** The next year or two will be a struggle. Instead of "checking out," you need to be fully engaged. This section will show you how to remain positive even when things get bad.
5. **Situation-Based Help.** Are you retired? Just graduated from college? Struggling to cut expenses? Or simply on the edge and out of hope? If so, see what you can do to improve your situation.

ABOUT ME

Why should you listen to me? Because I live and breathe this stuff. I'm in the trenches day in and day out as president and owner of Pacifica Wealth Advisors, Inc., a boutique wealth management firm recently ranked one of the top firms in the country. I have earned a Ph.D. in financial and retirement planning and am a Certified Financial Planner and Enrolled Agent with the IRS.

For a guy who hated English class, I'm thrilled to have written a #1 national bestselling personal finance book and several others:

- *Get Money Smart: Simple Lessons to Kickstart Your Financial Confidence & Grow Your Wealth*
- *The Sudden Wealth Solution: 12 Principles to Transform Sudden Wealth Into Lasting Wealth*
- *The Other 8 Hours: Maximize Your Free Time to Create New Wealth & Purpose*
- *The Six-Day Financial Makeover: Transform Your Financial Life in Less Than a Week!*

I also write a column for Forbes.

I love sharing my ideas with the media. I have been featured as a financial expert on Good Morning America, Dr. Phil, 20/20, ABC Morning News, NPR's Marketplace, and in The Wall Street Journal, Newsweek, BusinessWeek, Money Magazine, and many others.

I live with my beautiful wife, Elizabeth (who is at least twice as smart as me) and my daughter, Alexandra "Bean" (who is way smarter than my wife and I combined), in Orange County, California.

A NOTE TO THE READER

(i.e., legal mumbo jumbo)

Before we get into the down and dirty strategies, please read the following disclaimer.

The goal of this book is to provide accurate and useful information to you about personal financial planning. It is designed to help you focus on goals and actions that are important to address in the financial planning process. The book is intended to provide general guidelines that are for informational purposes only and is provided with the understanding that the author is not engaged in rendering professional services or in providing specific investment advice.

The application of general guidelines involving regulatory, accounting, and legal practices, which may differ from locality to locality and which are constantly changing, is highly dependent on an evaluation of individual facts and specific circumstances. With regard to any decisions that can potentially have significant financial, legal, tax, or other consequences, no book can take the place of individual professional advice. You should not regard this book as a substitute for consulting with a competent lawyer, accountant, or other financial professional, as appropriate to the nature of your particular situation.

The book presents various investment strategies and products that may or may not be appropriate for your specific situation. It is also important to keep in mind that different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product discussed in this book will be profitable or suitable for your portfolio. Also, in order to help you consider investment options, this book makes certain assumptions about future investment returns. These projections are based on a number of factors, including past performance of various asset classes. While the past sometimes repeats itself, there is no assurance that past investment performance will be indicative of future results. Consequently, future investment performance for asset classes and portfolios cannot be guaranteed. If you have any questions regarding the applicability of any investment strategy or products discussed in this book to your particular financial situation, you should consult with a professional advisor.

References in the book to products, service providers, and potential sources of additional information do not mean that I can vouch for such products or services or the information or recommendations in those sources. I am not responsible for any third-party product or service or content over which I do not have control.

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SECTION 1: GETTING STARTED

Let's Make a Deal

If you read this book and implement what I recommend, you will create a more financially secure foundation for yourself. You'll feel less nervous and you'll be able to more easily weather the economic storm. In addition to this free book, I also want to offer you the following:

- **Podcasts:** Listen to **Pacifica Wealth's Financial Transitions** podcast on iTunes, Spotify or Stitcher for the most up-to-date lessons to help your financial and investments decisions during this period of market volatility.
- **Videos:** My **Get Money Smart** video boot camp series is a proven system for increasing financial knowledge and confidence, in order to help individuals make money smart decisions to grow more wealth.
- **Courses:** Brush up on your financial knowledge in key areas, including investing, retirement and saving money through a series of **free email courses**.

Is there a catch? YES. If you get value from this book I want you to do two things:

1. **Share the message.** Forward this book to anyone you know who might be struggling right now or who is worried about their job or their finances.
2. **Share the wealth.** Once you feel better about your finances, I ask that you donate $5 or $10 to any non-profit that is doing good work.

How Bad Is It?

Do you really need me to tell you how bad it is? If you're reading this book, you probably already know. Maybe you or your spouse lost a job, are in foreclosure, saw your 401(k) cut in half, or are struggling to make your bills (or all of the above). But if you still aren't sure just how bad it is, let me be the first to tell you. It's bad.

Following the Great Recession of 2007, this will be the next economic crisis of our generation. We will still be talking about this 10, 20, and 30 years from now. We are facing some serious problems and most of the experts predict things will get worse before they get better.

This book is decidedly NOT full of financial jargon. You do not need to have an MBA, and you don't need to follow the economy or the stock market to understand this book.

The Danger Zone Quiz

Pessimism runs rampant and fear pervades. But how nervous should you be? In about five minutes, you can easily answer that question. It all depends on these six criteria, which determine how close you are to what I call the Financial Danger Zone.

For each of the six areas, place a checkmark in either the Danger Zone or the Safe Zone box:

Job

☐ **Danger Zone**
You job is in . . . Housing, Finance, Auto, Retail, Hospitality, Services, Manufacturing, Airlines, or you are a Low Wage Worker or a New Hire.

☐ **Safe Zone**
Any other job.

The is one of the most important areas because losing your source of income can quickly derail your finances. Most experts say our economy hasn't hit bottom yet and that we should be prepared for more pain. That pain is likely to come at us in the form of layoffs. Layoffs are expected to reach record levels in the coming months, especially in the Danger Zone industries.

Household Income (if you are married)

☐ **Danger Zone**

You and your spouse work.

☐ **Safe Zone**

You or your spouse work.

It may sound like I've got this backwards, but think of it like this: If there are two people struggling to make the mortgage and pay the bills and one loses their job, there's nobody there to help. But when only one spouse works, the other spouse can jump in or lend them a hand by getting a job-even if it's just temporary.

Savings

☐ **Danger Zone**

0-5 months of living expenses in cash/investments.

☐ **Safe Zone**

6+ months of living expenses in cash/investments.

The more cash you have set aside, the stronger your safety net if you lose your job, get sick, or have unexpected expenses. If you have less than six months of living expenses in cash, you're in the Danger Zone.

Expenses

☐ **Danger Zone**

Your monthly expenses are high and can’t be reduced (e.g., mortgage, car payment).

☐ **Safe Zone**

Your monthly expenses are low and can be reduced (e.g., entertainment, dining out, shopping).

If you're scraping by each month and most of your expenses are fixed (meaning you can't reduce them if you wanted to), you're in the Danger Zone. On the other hand, if you have money left over every month or if your expenses are variable (meaning you can reduce them if you need to) you're in the Safe Zone.

Debt/Loans

☐ **Danger Zone**

You have a large amount of debt and/or your interest rates are variable.

☐ **Safe Zone**

You have a small amount of debt and/or you interest rates are fixed.

If you have a lot of debt with a variable rate, you're in the Danger Zone. But if you have little debt or have it locked in for a low, long-term rate, you're in a much safer position.

Support Network

☐ **Danger Zone**

You have no family/friends nearby who can provide support.

☐ **Safe Zone**

You have nearby family/friends who can provide support (e.g., childcare, housing).

If you have people who can help you if your car breaks down, if you need someone to watch your kids after school, or if you need a place to stay while you get back on your feet, you're in the Safe Zone. If you don't have this kind of support network you are much more vulnerable.

How to Score & Think About This Quiz

Two important points: First, just because you are in the Danger Zone on one or more of the questions doesn't mean you are going to be out on the street. It just means that you have some serious potential problems that you need to recognize and address. Use your fear to motivate you, not paralyze you. Determine what you need to do to move into the Safe Zone and take action. That's what this book is all about.

If you're in the Danger Zone, you'll want to spend most of your time (at least initially) on the next section of the book—How to Survive. Once you've nailed these strategies, then you can move on the third section—Taking Advantage.

Second, if most of your checkmarks are in the Safe Zone, congratulations. Feel good about your situation but don't be too smug. As we've seen, things can change quickly. "Safe" today can be a problem tomorrow. Spend some time building an even stronger foundation, and then focus on how you can come out of this mess better and stronger.

Now that you know where you stand, let's get to it. The next section answers the question, "What should I do?" Set aside your assumptions and commonly held beliefs. Crazy times call for crazy solutions. Are you ready?

SECTION 2: HOW TO SURVIVE

Now is not the time to bury your head in the sand. Unprecedented times call for immediate action. Here are several unconventional tips to survive and prosper:

Do NOT Pay Off Credit Cards

You read that correctly. Do not pay off credit cards, or for that matter, home equity lines of credit, student loans, or other debts. Pay just the minimum amount per month. I know it would feel great to have a zero balance, and it might even seem like the safe thing to do, but it's not. Strangely, the safe thing is to keep your debt right where it is and to take your cash and save it. Why? Because cash is king.

Let me paint a picture for you. You wake up one morning in the not-so-distant future. You take a shower, get dressed, grab a bowl of cereal, and flip on the morning news. Breaking News . . . the unemployment rate hits new highs, consumer confidence is at all-time lows, and home sales plummet. Later that day, your boss informs you that you've been laid off. No severance. No more income. No more health insurance for you or your family.

Question for you: *Would you rather have no debt and no cash to pay rent and buy food, or would you rather have debt and some cash to survive?* Cash, right? Me too. That's why you should not get overzealous and try to pay down your debt right now. Under "normal" circumstances, paying down your debt is a great strategy. But like I've said, we're not in normal mode anymore.

The quickest way to go from good to bad is to lose your job. The market can tank, you can lose 50% of your 401(k), GM can declare bankruptcy, and housing prices can drop another 20%, but as long as you have a job, you can be just fine. The minute your income stops, though, you have a problem. In a growth economy, losing your job isn't too much of a problem because you can usually find a new job quickly. In fact, you might even find a better paying job. But with companies downsizing and unemployment expected to go up from here, finding a new job now is a huge challenge. It could take many months, and if you finally do land one, it might pay less and provide fewer benefits than your previous job.

If you have an interest-only loan but have also been making principal payments, stop. Just pay the interest for now. When things improve and there is more stability, you can start paying down the principal again.

If you're paying down school debt, look at the rules of your loan. Many government-sponsored loans do not require payments if you are currently attending school. If this means you have to take a class at your local community college for $50 a quarter, do it. Should you take basket weaving or classical mythology? No way. You might as well use this time to boost your skills and your employability by taking some real classes (more on this later).

Bottom line, hoard cash by just making the minimum payments on your debt.

Renegotiate Your Credit Cards

Lately, this is easier said than done, but it doesn't hurt to ask. When I provided a financial makeover to a couple on ABC's 20/20 a couple of years ago, I saved them a few hundred dollars a month in about 10 minutes. With the cameras rolling, I had them call each of their credit card companies and ask for an interest rate reduction. Several said no, but a couple worked with them. In fact, one of them increased their credit line and gave them a fairly large rate reduction, which enabled them to transfer a balance with a sky-high rate.

Here's what you do:

1. Make a list of all your credit cards. Write down the company name, your balance, and interest rate.
2. Call the credit cards with the lowest rates, smallest amount owed, and smallest credit lines first. These are going to be your lifeboat cards. Since these have the

lowest interest rate, it probably means they do not see you as a problem. This means they might work with you. The 800 number will take you to a phone bank of reps who can only handle the most basic questions and requests—they can't help you. So, immediately tell the rep you are consolidating your cards and are thinking about closing your account. Unless they see you as a credit problem, which again, they probably don't since you have a low rate and low balance, they may be willing to work with you.

3. At this point, they will transfer you to a manager or a special department that only handles customers who want to close their accounts. Tell them it doesn't make sense for you to keep the card with such a low available credit line and "uncompetitive" rate (use that word). Tell them if they can lower your rate, you might keep the card. Usually they have some ability to cut your rate right there on the spot. Next, ask them to increase your credit limit. If they ask by how much, don't go nutty. The number you give them should be 50% to 75% of your other credit card debt total or $10,000, whichever is less. If you ask for too much, they will need to send your account to the underwriting department for review—not what you want.

4. If you get what you want or close to what you want, ask for more. Often credit card companies will have promotional offers with low rates for new clients. Ask the manager which of these they can offer you. Forget about points and miles, you want to lock in low rates, but even more importantly, you want to lock in whatever rate you get for a long time. I'd rather have a fixed 10% rate for any balance transfer than a 0% rate for six months. If they give you what you want, finalize the offer and move on to the next card. If they don't give you what you want, DO NOT cancel the card. Just tell them you need to think about what you are going to do.

5. Next, call the cards with the highest rates and largest balances. If you were successful getting lower rates and/or higher available credit lines on the other cards, now you have some firepower when you make your call. Demand lower rates or threaten to close your account. If they play ball, awesome! If they don't, transfer your high rate balances to the lower rate cards (as much as you can). If you weren't able to get any of the other cards to lower their rates or increase their available credit, do your best to ask for a lower interest rate. Don't give up after hearing one no. These reps are trained to say no, no, no.

> Work your way up the chain of command. Just say, "I'm not satisfied with your answer. Please transfer me to your supervisor."

I don't want to paint the picture that this is an easy process with guaranteed success. It used to be much easier, but it is still possible. Do your best and don't give up. If it doesn't work, move on to the other steps in this book.

Do NOT Save for College

At the expense of pissing off Junior, I strongly recommend you do not contribute to his college savings plan until you have enough cash in your emergency fund. Again, cash is king. I'd rather you have money in the bank that you can access immediately if you lose your job than to have that money tied up in a college savings account.

Worst case: you need to tap into your emergency fund, and your kids don't have enough to pay for college. They can get a loan for college, but you can't get a loan to pay the mortgage.

Best case: you save cash and don't need it. When things turn around in the economy and there is less uncertainty, you can always take part of your savings and contribute it to their college account.

Join the New "Green Movement"

It's all about conservation, not of the environment, but of your cash. So you want to reduce your expenses and save a little more each month? Oh, what's that? You don't want to create a budget? I don't blame you! Budgets take forever to create and nobody sticks to them. Instead, use the **PERK System** (Postpone, Eliminate, Reduce, Keep) to cut your expenses.

The PERK System is easy (dare I say fun?) and most people I work with have been able to reduce their expenses by several hundred dollars per month in a matter of minutes. Enough talking. Let's light this candle. The PERK System consists of just two steps:

Step 1

List all of your expenses individually and then add them together. Include recurring monthly expenses (e.g., rent) as well as those that occur less frequently (e.g., homeowner's insurance).

Step 2

Now the fun part! Next to each expense, write either P for Postpone, E for Eliminate, R for Reduce, or K for Keep:

- **Postpone** - These are expenses that you can put off for awhile. For example, a house remodel project, vacation, or new car purchase.
- **Eliminate** - These are expenses you can completely eliminate such as a gym membership you never use, premium cable channels you never watch, or newspapers you're subscribed to but never read.
- **Reduce** - Any expense that you are willing to cut back on qualifies for Reduce. For example, if you order out lunch every day but are open to cooking lunch twice a week, mark the expense Reduce. In this case, you are reducing the frequency of the expense. Likewise, you could continue to order out lunch every day, but choose less expensive restaurants. Both situations Reduce your expense.
- **Keep** - Many fixed expenses such as rent, insurance, and food are necessary and should be marked Keep.

Now recalculate your revised expenses. Voila! It should be less than when you started.

That's it! If you've followed along, you're thinking one of two things. This is amazing. In the time it takes to watch a re-run of Three's Company, I've slashed my expenses. Now I'll be able to save more each month. Or you're thinking this was a waste of time because you weren't able to cut your expenses at all.

If you're in the first camp, congrats! Take that extra cash and dump it into a savings account. If you're in the second camp, it means you wimped out and didn't Postpone, Eliminate, or Reduce. Usually this means you weren't aggressive enough. Your

Netflix account, umpteenth shoe purchase, eating out habit, and trip to Cabo are not Ks. If you are serious about cutting your expenses, go back through your list and start replacing the Ks with Ps, Es, and Rs.

Of course, sometimes all those Ks really are Ks. If you're completely tapped out and all of your income goes to necessities such as rent, insurance, food, and transportation, there may not be much you can do with your expenses. Instead of focusing on your expenses, where it seems there's nothing you can improve, we'll focus later on how you can boost your income. Think about it. If your expenses stay the same, but you're able to increase your income by $100 or $200 a month, you can save all of that extra money.

Get a Loan

The market is crashing and lay-offs are rampant. This is a perfect time to get a loan. Not a line of credit, but a real loan. Before you think I've gone off the deep end, let me explain.

How are you going to pay the electric bill and your health insurance premiums if you lose your job and have no cash cushion? The answer, of course, is to tap into your emergency fund. You know, the savings account you have with six to twelve months of living expenses. What's that? You don't have an emergency fund? Nobody does. All the experts say you must have one (I've said it, too) and you should, but when you're scraping by each month, it is hard to set aside six to twelve months of living expenses in cash. That's why you need a faux emergency fund.

If you have a house and you do not have at least 12 months of living expenses in an emergency fund, first try to get a home equity line of credit. If you can, then withdraw from this home equity line at least a year's worth of expenses and deposit that money into an FDIC-guaranteed savings account such as ING Direct. You'll make a little bit of interest (currently 0.25%) and you should be able to deduct the home equity interest from your taxes. The loan might not cost you very much or anything, but even if it does cost you a percent or two, it is well worth the cost. The peace of mind knowing you have a year's worth of living expenses tucked away is priceless.

If you are refinancing, take out additional money. This way your interest rate is locked and you don't have to worry about rising rates like you do with a home equity line of credit.

One more note if you go this route. Don't deposit the loan proceeds into an account with the bank that loaned you the money. For example, if you get a home equity line from Bank of America, deposit the money at Wells Fargo, ING, a local credit union, etc. Don't deposit the funds into a Bank of America account because it may be possible for the bank to freeze the loaned assets.

If you don't have a home or don't qualify for a home equity line of credit, look at other sources of credit. I'm still getting "convenience checks" from my credit card companies with incredibly low, long-term rates. If you get these, deposit the check for your maximum available credit. You won't get a tax deduction, but the interest rate might be lower than a mortgage rate.

Two warnings: First, this faux emergency fund is no substitution for living within your means and trying to save on your own. You should absolutely cut your expenses (see PERK above) and use the extra savings to fund your emergency account. Second, do not even think about touching this money for anything other than rent, food, or utilities. This is not a I-ran-out-of-money-but-I-really-want-to-go-to-Vegas account. It's called an *emergency* fund for a reason.

Don't Contribute to Your 401(k)

I've never received more feedback on anything I've ever said than when I was on Good Morning America recently and advised people not to contribute to their 401(k) plans. That's financial blasphemy, right? No. It's good common sense.

Remember, cash is king. If you lose your job, the only way you are going to survive is if you have some cash to pay the bills. I'd rather you have this cash in a savings account than in your 401(k). Here's why:

- **Quick access.** How quickly can you get money out of your savings account? About two minutes. How quickly can you get money out of your 401(k)? Who knows?! Some 401(k)s offer "hardship withdrawals" that allow you to borrow money from your account, but your 401(k) may not offer this option. Additionally, even if your employer does, they set the rules on eligibility and the government sets a cap on how much you can take out.

- **Out of the market.** Typically when you contribute to a 401(k), the money is invested immediately. If the market continues to decline, you could be jeopardizing your cash cushion.

But if you stop contributing to your 401(k), won't you be missing out on the tax advantages and matching company contribution? Yes. These two benefits are trivial if you don't have enough cash in the bank to survive if you lose your job. Once the economy stabilizes and job security returns or once you have saved twelve months of living expenses in cash, you can easily start contributing again.

Just call/email your human resources department and tell them you want to stop contributing. They'll probably try to talk you out of it, or if they don't, they may have you speak to a financial advisor from the plan's administrator (e.g., Fidelity, John Hancock, Vanguard). They'll talk about dollar-cost-averaging and the benefits of long-term investing, etc., which are all good and true, but hold your ground and tell them you want to stop contributing.

Salvage Your Investments

It's hard to see the stock market and investment portfolios drop so quickly. It is unnerving to say the least. Although this time we are also facing a health crisis, we've seen many other market declines much worse than this over the past 25 years. It doesn't make it any easier, but with each past drop we've come back stronger and gone even higher.

You've heard of the investment approach of "buy and hold," right? That's a proven strategy that has delivered excellent returns over longer periods of time because it curbs selling based on emotion. However, you have more control than you think. I recently recorded a retirement financial podcast where I discussed several financial strategies nervous investors can implement right now. And yes, even die hard buy and hold investors should consider the following:

- You should covert any money you're going to need to withdraw from your portfolio over the next five years into cash immediately. There's just too much volatility and uncertainty to risk being in the market with assets earmarked for something as soon as five years.
- If you're deep in the Danger Zone in many of the six areas, it may make sense to convert up to a year's worth of living expenses to cash.
- For long-term assets, now is probably not a good time to sell. Everyone's situation is unique, but unless there is a compelling reason to get out, don't.
- It's okay to make adjustments to your portfolio. When the market is going up, "buy and hold" works well. When the market crashes, that strategy is not so sound. I don't believe in market timing, but I'm all for shifting assets around when necessary. What does this mean for you? If you are unsure what you should do, work with a financial advisor.

Have Trouble Committing

Do not commit to ongoing expenses such as a new car lease, expensive gym membership, long-term contracts, etc. You need to be fluid and flexible. Don't lock yourself into anything. Keep your expenses low and optional, not high and mandatory.

It's tempting to want to take advantage of these incredible car deals (and maybe you should if you have plenty of cash in your emergency fund account and are in the Safe Zone), but resist. A new car means a higher monthly payment, higher insurance, and higher registration and taxes (in certain states). Keep your old junker for another year or so. And don't fall into the gas trap. This is where you talk yourself into getting a hybrid or more fuel efficient car because you think you'll save more money. That may be true, but it might take you several years before you'll see any cash benefit. In the meantime, you'll be paying more. Sometimes a LOT more.

Remember, you're trying to keep as much cash on hand as possible and trying to limit your fixed expenses. I'm all for driving a hybrid, but I'm also all for hot water and eating.

Also, if you have the option of paying month-to-month for something or paying for the full year, choose month-to-month—even if you get a discount for paying annually.

Stay loose. Stay flexible. Don't commit to anything.

Become a Star at Work

Unemployment rates are high—especially in the Danger Zone industries. Make sure your job is as secure as possible by becoming indispensable and irreplaceable. How do you do this?

- **Don't be dumb.** This has nothing to do with your intelligence and everything to do with your attitude. If you have a the-company's-going-down-and-I'll-probably-be-fired mentality, you'll probably not work as hard and not care as much. Guess who will go first?
- **Boost your skills.** Take an online computer class or graphic design workshop. Earn your degree via the web or get that designation you've been putting off. Become more valuable to your current employer and more appealing to a new employer.
- **Cross train.** It's great to be an expert at one thing, but spend some time learning how to do more than just that one thing. If there are layoffs at your company, fewer people will need to be able to handle more work. If you're a one-trick pony (even if it's a fine trick), you might get let go if your virtual cubicle neighbor can take over several of your tasks on day one.
- **Say "yes" to everything.** Boss asks you to head-up a new project. "Yes sir" is the answer. Boss wants you to pitch in on a new account. "Absolutely" is the answer. The more engrained you are in the company and the more involved you are in various projects, the harder it will be to get rid of you. Added bonus . . . when things turn in the economy, they'll turn to you with additional responsibility and promotions.
- **Become visible.** Write memos. Bring your boss creative cost-cutting ideas. Give workshops. Just get out there and show your face as best possible from your new at-home office. This is especially true in a larger company. You don't want to be a name on a piece of paper, you want to be a face.

- **Be positive.** Don't even think about being negative. Yes, the economy sucks. Of course, it's not fair. No, you shouldn't have to do three people's jobs. But don't bring that attitude to work, or you won't have a work to go to.
- **Work harder and longer.** Tough times call for sacrifices. You need to start a little earlier and work a little later, which is easy if when you're working from your home office.

Use Your Tax Refund Wisely

They call it a tax refund for a reason. You didn't hit the jackpot. You didn't win the lottery. You didn't discover hidden treasure. Your tax refund is money you worked hard all year to earn. Too many view their tax refund as "found" money and, as a result, they don't give it the same value they give a standard paycheck.

Do you remember the hot potato game you played as a kid? The objective was to hold on to the potato as little as possible. As soon as you caught it, you had to get it out of your hands quickly. When it comes to your tax refund, you should do the same thing. Let it go! The more time your refund stays in your hands, the greater the chance that you will spend it.

To keep it, you have to give it away. You don't have to donate it, but you do have to get it out of your control. The easiest and simplest way is to use direct deposit. The IRS has a program that allows taxpayers who use direct deposit to divide their refunds between up to three accounts (using Form 8888). You can take advantage of this IRS program to make saving a little easier.

If you don't have an emergency account with a year's worth of living expenses in cash, now is a great time to save for it. Have your refund deposited directly into your emergency reserve account.

Bottom line: make a plan for your refund BEFORE you get it. Know exactly where each dollar is going to go. If you wait until it's in your pocket, something more interesting (but not as important) will likely get your attention and suck up those dollars.

SECTION 3: TAKE ADVANTAGE

Goodbye doom and gloom. Hello opportunity! This section focuses on how we can make the most of this financial crisis. It's not about tricking ourselves into thinking the economy is better than it is (it sucks and is probably worse than we think). Nor is it about repeating positive affirmations, wishing for something better, or tapping into the "law of attraction." Nope. This section won't focus on any of those things. Instead, you will learn real strategies you can implement to truly capitalize on the financial turmoil, high unemployment, need for reduced expenses, and financial stress.

It's not about spinning something that's bad to appear good. It's about making the most of the opportunity and coming out of it better and stronger.

Invest in Yourself

The greatest financial asset you have is not your house, your 401(k), or even your job. Your greatest financial asset is you—the skills you have, the education you've received, the experience you've obtained, your network of contacts, and your individual way of looking at and interacting with the world. This "human capital" is much more important and valuable than your investment capital. The value of your human capital—especially for people in their working years—far exceeds any investment account balance.

Why is it so important? It follows the truth behind the saying, "Give a man a fish and you feed him for a day. Teach a man to fish and you've fed him for a lifetime." Once you add a skill or learn something you did not know, you've increased your value.

Too many of us stop learning once we graduate from school. That's a huge mistake. If we are to succeed, we need to always be learning. We must focus on continuously increasing our skills and our experiences. People who don't change become dinosaurs. You've seen them, and you know what I'm talking about. Those people are about a decade behind. They seem so lost and out of touch. Everything around them has progressed, but they are still operating under an old framework.

Don't look so smug. It's easy to fall behind. It takes time and energy to stay current. Acquiring new skills can be difficult and can take you out of your comfort zone. It can be hard for someone who feels confident in one area to want to expose themselves to a situation where they don't have the answers.

As difficult and time intensive as this can be, it is an absolute must. When you invest in yourself, you are making a deposit that will pay you dividends for life. Take just one online class and you can easily earn a 100,000% return on the tuition. How is that possible? If you currently make $15 an hour as an administrative assistant, how much more would someone pay you per hour if you could also maintain the company's website and make minor changes to it when necessary? What if you learned how to use QuickBooks? What if you learned how to set up and run the company's blog? Would you be worth $16 an hour? Maybe $17 an hour? A $100 class online via your local community college can earn you an additional $4,000 a year for the rest of your career.

You should always be focused on improving your skills, getting additional designations, and becoming more valuable. Think of yourself as your own company—Me, Inc. Successful companies are constantly improving, growing, and investing in new products. What skills can you learn that will make you more valuable?

One of the first places to look are those areas that are dragging you down. They're there. Admit it. What's that one thing that you really need to get to the next level? Is it an MBA? Is it your insurance license? Is it a designation? Maybe it's not such a clear goal. Maybe you're a fantastic accountant but your social awkwardness is preventing you from networking and getting a promotion. Maybe you're afraid of public speaking but know that is what you need. Join your local Toastmasters (toastmasters.org). It's about $30 a year, and it is one of the very best (and most comfortable) ways to learn how to give speeches. Regardless of what's holding you back, now is a great time to overcome it.

To add a little spice to your learning, mix things up a bit. If you are specialized in a narrow field and already know what you need to know, boost your human capital by learning a skill in a completely unrelated field. Cross training is good for your brain and can spark new ideas and ways of looking at things.

Use the Other 8 Hours

Work stinks. They're talking about more layoffs. You feel pretty safe, but you know if more people go, you'll be doing the work of three people. Bonuses are out of the question, and you have to pitch in more for health insurance. Your 401(k) is in shambles, and your house is worth 40% less than it was a couple of years ago. The vision you had for your life has been seriously challenged. All you feel like doing now is kicking back, cracking open a Heineken, and watching the tube. That's understandable, but it's absolutely bass ackwards.

There is nothing more valuable than what most people call their "free time." This is true in a thriving economy and even more so in a health and financial crisis. Nothing can radically improve your life more than the other 8 hours. But what are the "other 8 hours" anyway? The answer is more than you think.

The other 8 hours are those precious hours of the day when you are not working or sleeping. How you spend the other 8 hours determines where you are in life, your education, the satisfaction you have with your relationships, the car you drive, your house, your passions and hobbies, the languages you speak, your weight, your love life, the places you travel, your level of debt, the restaurants where you can afford to eat, your spirituality, your bank account balance, your happiness, and just about everything else that is important to you.

The other 8 hours are not simply free time or just a nice break in the day. The other 8 hours are the answer, the solution, the elixir, and the secret sauce all rolled into one.

The time you spend sleeping and the time you spend working will, at most, keep you right where you are. But if you invest the other 8 hours, they can radically improve your life. In fact, I'd go so far as to say the other 8 hours are the best thing that you can use to transform your life.

How you spent the other 8 hours last week, last month, and last year has determined where you are today. How you use the other 8 hours today, tomorrow, and next year will determine your future.

Not convinced? Consider this. If you have a full and meaningful life, a family that loves and feels connected to you, financial security, close friendships, hobbies and interests that captivate you, and plenty of energy and vitality, you've probably made some wise decisions with the other 8 hours.

On the other hand, if you are not content or if there is a gap between where you are and where you want to be, it means you haven't invested the other 8 hours effectively.

If you feel that there's got to be something more than 9-5, a mortgage you can't afford, credit card debt you can't get rid of, barely scraping by each month, and the gnawing feeling that life is passing you by, it's time you start thinking about and using your free time differently.

You lose 8 hours to sleep. You sell 8 hours to work. So, if you waste the other 8 hours, how can you ever expect to get ahead? The only way to get a life and increase your financial security is to use the other 8 hours, but—and this is a big but—you have to recognize the value of your free time. Do this:

1. **Ask what the other 8 hours have done for you.** Play detective. Think about everything that's good in your life. What's the cause? Was it the result of something you did during the other 8 hours or something that happened while you were sleeping or working? Great relationship? It didn't get that way during your sleep. Great health? I doubt it's from working. Killer job? How'd you get it? When did you go to school? Almost everything can be traced back to the other 8 hours. Your just need to make the connection.

2. **Stop calling the other 8 hours your "free time."** It undermines its significance and importance. The 8 hours you sleep give your body and mind a chance to recuperate and repair. The 8 hours you work help you pay the bills and survive. The other 8 hours are your opportunity to grow and work toward a better future. It's the most valuable time you have.

If you just do these two things, you'll start to appreciate the power the other 8 hours have had over your life, and you'll begin to recognize the power they can have over your future. But the million dollar question is, "What do I do with the other 8 hours?" Well, I'm glad you asked . . .

The quick answer is something. Do something with this time that will improve your life in a big or small way. Read a book. Start a blog. Learn French. Create a Facebook application. Design a clothing line. Build a business. Network with colleagues. Bond with family. Write an article. Invent something. Freelance. Draw. Volunteer.

The goal is continuous growth by making improvement a part of your daily routine. This requires you to strike a balance between doing things that feel good now and doing things that will enrich your life in the future. You don't need to be told to do things that feel good now. Most of us can find plenty of those kinds of things. We need more help uncovering those activities that improve our life tomorrow, and next month, and next year. And here's the secret . . . you must dedicate part of the other 8 hours to these activities.

Here's how to make improvement a part of your daily life:

1. **Find your gaps.** You first need to define what a "better life" and "growth" look like to you, because my ideal life will probably look considerably different from your ideal life. So, really think about this. What do you want to improve? What areas of your life could use some help? I call this "finding the gap." The gap is the void between where you are and where you want to be. Find your gaps.
2. **Find the actions.** Once you know what you'd like to improve, identify those actions you must do in order to close the gaps. For example, your gap may be reaching your ideal weight. The general actions you must take are exercising and eating better. Specifically, it might be doing the elliptical for 35 minutes a

day and lowering your caloric intake to 2,000 calories/day. Whatever the gap, find the actions you must take to close it.

3. **Create habits.** The easiest actions are those that are effortless and those that you don't have to think about. The best way to make your actions effortless is to turn them into habits. While bad habits seem to stalk us and good habits seem to elude us, you create them both the same way—with repetition until the action becomes subconscious. Instead of letting habits happen to you, be more proactive. Create the habits you want in your life. Start by scheduling the actions on your calendar and committing to following through with them. For the first few weeks, it will take sheer willpower. But after that, it will become less of a struggle and more engrained in your daily life.
4. **Focus on just a few.** If you're like most people, you have plenty of gaps you'd like to fill in your life and you might be psyched to close them all. But instead of trying to fix each one immediately, focus on a maximum of three daily actions to start. You don't want to feel overwhelmed by all this change.

Remember, the other 8 hours are your passport to a better life. Be more aware of how you use this "free" time, then start to schedule positive actions that will close your gaps. Soon you'll begin to see progress, and your gaps will become smaller and smaller.

Network, Network, Network

Building a great network takes time, energy, and patience, but the rewards can mean the difference between getting a new job and staying unemployed. By networking, you'll make new friends, get new clients, and increase your visibility in your circle. Once the quarantine lifts and life begins to go back to normal, here are tips for networking in 2020 world:

- **Network internally.** If you work for a larger company, don't hide in your office, get out there—or in there—and network. Get to know your boss better. Take her out to lunch or dinner. Go over projects. Get as much face time as possible. Deepening your relationship with your boss is good, but don't stop there. Get closer to other managers in other departments. The more people who know you (and presumably have something positive to say about you) the more secure your job is. The closer you are to your boss, the more she'll fight for you.

- **Network externally.** A crappy job market doesn't mean you should hibernate. Get out there and meet other people in other companies. Get some intel from them. What are they hearing? Who's leaving? Who's being replaced? You'll probably not land a new job by doing this, but you'll at least start forming relationships. If you do get laid off, your relationships may be the difference between finding a new job and not.
- **Use online social networks.** It used to be the only way to meet new people was to attend a mixer, but not anymore. Social media websites such as Facebook and LinkedIn can be powerful tools in your networking arsenal. Here's why. Offline networking is one-to-one. You meet Joe, and you've added one person to your network. Online networking is one-to-many. You connect with Joe via LinkedIn and now you can see (and connect with) everyone in his network.

  If you're already on these sites, make sure you are using them. It does take time to connect with others and to be an active member of the community, but it's a great place to build relationships and tap into your friends'/contacts' networks.

The most common reasons I've heard for not wanting to network are that it feels "sleazy," it's awkward, or people just don't know how. Fortunately, there is one solution for all of these issues . . . be a connector.

A connector means your goal is to help others in any way you can. The spotlight and emphasis should be on them, not you. The only thing going through your head when you meet someone new is how you can assist them and who you can introduce them to. This takes all of the focus, insecurity, and "sleaziness" off you.

A friend of mine has had wonderful results after implementing a new behavior (allegedly used by President Ronald Reagan) when he meets someone for the first time. In order to remind him to focus on the person he's meeting and not himself, he identifies the person's eye color. Recently he had a meeting with a prospective client that could transform his business. He mentally rehearsed what he wanted to say, how he wanted to say it, and the objectives for the meeting. But when he was introduced to the prospect, he discovered he was too focused on himself. As he shook her hand, he remembered to notice her eye color. As soon as he did this, it took the pressure off himself and he became engaged with her as a person and not just a business transaction. Start noticing eye color and keep the focus on the other person.

Building a great network takes time, energy, patience, and a little guts. Don't be afraid to get out there and shake some hands. The natural benefit from being a connector and keeping the focus on "them" is that people will be attracted to you and will look for ways to help you. Being a connector is rewarding and easy. Try it.

Look for Opportunities

A recession occurs when the economy shrinks. Layoffs happen when employers reduce their workforce. Consumers cut back. Companies decrease spending. Experts recommend conserving your resources in a recession.

There's a whole lot of talk about reducing, cutting, shrinking, and decreasing, but what if you took a different view? What if instead you looked for opportunities? What if you looked for ways to grow and expand and create?

In every economic crisis, there have been those individuals who have emerged from the aftermath even more financially secure. Luck has something to do with it, but that doesn't tell the whole story. In order to rise up and get ahead, you have to look for opportunities, and you have to create your own opportunities.

- **Brainstorm.** Think about what services/products might be needed if this turmoil continues and what services/products people will want when we recover.
- **$1 million game.** This is a fun one. If you absolutely positively had to make $1 million in less than 365 days, what would you do? What area would you focus on? What skills would you have to rely on? You might not start any of the businesses you think about, but it's a great way to jumpstart your creativity.
- **Get partners.** Get two or three friends/colleagues together for a twice a month meeting. Sit down with them and brainstorm. Tell them what's on your mind—what ideas you're toying with. Press each other to come up with at least three business ideas for each meeting. If you agree on one, you have your team in

place. But even if you don't, this get together will force you to think entrepreneurially inside AND outside of the group.

- **Create.** Your goal is to create something—anything. Create content. Start a blog. Invent—create a prototype. This book you're reading right now is an example of creating something that takes advantage of this economic crisis. What can you create?

Get Closer to Family

Anxiety and stress about money are real. It can cause sleepless nights and create all sorts of physical problems. Financial turmoil can also wreak havoc on even the strongest relationships. The two culprits are shame and blame.

It's hard to have to tell your eight year old that you can't buy him a new pair of shoes or that he can't go to camp. It can be difficult to tell your spouse to cut back on the Nordstrom shopping sprees because you can't afford it anymore. We all want to give our children the best and provide for our families, so it can be tough when we can't do this as well as we want. But this is an incredible opportunity for you to grow closer to your children and spouse. Here are a few ideas on how to do just that:

- **Cheaper activities.** I've found that the more expensive the activity, the less the intimacy. A big trip to Sea World costs a lot of money and is fun, but you don't really get much closer to your family as a result. On the other hand, a nature walk in the rain, huddled under an umbrella, costs nothing but creates a tremendous amount of intimacy and connection.
- **Activities for kids:** Start focusing on free activities. Do art projects. Put on a silly play. Take a walk. Explore new areas. Start a leaf collection. Play board games. Tell stories. Write a story. Go to a museum. Get the neighbor kids together and play "capture the flag." Take swimming lessons at the local YMCA. Volunteer once a month. Go for a bike ride. Take your kids to the gym with you. Bake cookies. Watch a movie. Read together. Have a sleepover with the whole family. Plant a garden. Pick up trash in your neighborhood. I guarantee the recession will be over by the time you run out of fun and free things to do with your kids.
- **Activities for adults:** Again, focus on free activities. Take a walk together. Have friends over for a potluck. Read aloud. Write a story. Brainstorm new business

ideas. Give each other a massage. Take a bath. Cook together. Smooch. Workout together. Train for and complete a 5K together. Go camping. And on and on and on.

- **Volunteer.** You think you've got it bad? If you were able to download this book, it means you have access to a computer, a printer, electricity, etc. Chances are there are families and children right in your area that are hurting a whole lot more than you. As bad as it is for you, there are some innocent victims in this mess. By volunteering, you'll get closer to your family, you'll be helping those who need it, and you'll get a feel-good high from it. It's great to pull kids away from the TV, video games, and cell phones and show them a different side of life.
- **Communication.** Kids aren't dumb. Unless they're under six, they can sense something is different/wrong. Talk to them in very general terms about the "economy." Depending on their age, try comparing the economy/recession to the school cafeteria.

  The economy is like your school cafeteria. The tables represent countries and the people represent companies/individuals. Your mom packs you a pretty good lunch—you have a ham and cheese sandwich, bag of Cheetos, an apple, and Hostess Cupcakes. The problem is you're sick of ham and cheese, don't like Cheetos, and would rather have an orange and Twinkies. Not to worry. You know that you have a whole cafeteria of other kids who are willing to trade. In a normal cafeteria "economy," the other kids have great lunches and, with a little negotiation, you can trade and get what you want. There's plenty of good stuff to go around.

  But one day you open your lunchbox and there's only a peanut butter and honey sandwich, some whole wheat crackers, and a banana. Damn! You'll have to trade your whole lunch for anything good, but when you look around, you notice that nobody has anything you want. The cookies, chips, and sodas are gone. Gone are the pizza slices, brownies, and fruit roll-ups. Nobody really loves their lunch, and there are only a few kids who have anything worth trading.

  The buzz of the cafeteria has been replaced with a bunch of sad-looking kids who are wondering what happened.

While it's certainly not a perfect analogy, it may help them understand a bit of what's going on. If you have a mini investment banker on your hands, you can tell her the promise she made that the apple would be sweet and crisp is kind of like a credit default swap.

- **Make saving a game.** If your kids (spouse?) have been used to getting whatever they wanted whenever they wanted it, this is the perfect time to start teaching them the value of money and the importance of saving. If you give your kids an allowance, call it a paycheck and give it to them weekly. Pretend they work for you and they get paid. Show them what it means to budget. Start with their income (i.e., allowance) and have them think about and list their "expenses." If they have something they want to buy but can't afford it yet, show them how to save a little bit each week toward it. Use the envelope system—write their goal on an envelope with the total amount they need to save for the goal on the front in big red numbers. On the back, they can write the balance in the account/envelope. Do this for each goal. Help them determine how long it will take them to reach their goal depending on how much they save each week. Talk to them about setting priorities. Which goals are more important. Ask them if they want to save more for those goals.

  Tell them you are also budgeting—you get a certain amount of money per week, and you have certain expenses and things you are saving to buy. So when you tell them "no" or "we can't afford that," they may not like it, but they will (on some level) understand what that means.

  You can also make saving a game for the adults. The PERK system I discussed earlier is fun and you and your spouse should do it together. You can also check out Mint.com. It's an awesome (and free!) web-based service that lets you quickly and easily download your bank account balances, credit cards, and other accounts. It has a neat "where did my money go" budgeting application as well. It is the most simple way to get a handle on your expenses. Don't push this off on the "numbers" person in your relationship—do it together.

- **What to say to kids and what not to say.** This is a familiar scene in small towns and big cities across the country. Mom and children are at the mall. Daughter asks for a new pair of jeans. Son wants a new Xbox game. Problem is that it's just not in the budget. Mom says no; kids beg and plead. Mom gets frustrated, because not too long ago, she wouldn't have thought twice about it. Mom says no. Kids are relentless and ask why. Mom ends the debate with "because I said so!"

We're not in 2019 anymore. Things have changed. You need to bring your kids up to speed on the new paradigm. If you don't talk to them, it's not their fault for asking. It is your job to educate them, and even though it feels great to be able to buy them what they want when they want it, this is an amazing opportunity to teach them financial responsibility. If you don't talk to your kids, you will be doing them a huge disservice. Silence does not protect them, it hurts them. Most kids, even fairly young ones, know that something is different. They hear things on TV and the radio. Their friends' parents may be losing their jobs. Kids will ask for things just to test what you'll say to get an indication of how bad the family's finances really are.

I'm all for sharing and educating, but you also don't want to freak your kids out. The easiest way to scare them is to not say anything. That's the worst thing you can do. Even if you are doing fine and are relatively unscathed by what's happening, call a family meeting (I know that sounds so Brady Bunch, but you want to convey the meeting's importance) and have a conversation. If you don't, they are going to worry.

But what if you're in the camp with the 99.999% of us who have been affected by the economic crisis? It's a tougher conversation, but it's even more critical. Before you do, follow these guidelines:

→ **Don't offload your burden on them.** If you've bottled up your frustration and fear, the minute you begin to open up, it can burst out in unexpected ways. You need to get a grip. That means no crying or "oh my Gods!" allowed. Again, you do not want to freak them out. Let them be kids.

→ **Don't overwhelm them with information.** Think slow leak, not a flood. Share a little now and more later.

→ **Ask them what they know about what's going on.** You might be surprised. It's good to know their perspective. If they start crying and talking about becoming homeless, your job is to reassure and comfort. If they are clueless about what's happening, don't think your job is done. I've heard some "experts" suggest that parents shouldn't talk about the economic crisis if their children aren't aware of it, but I totally disagree. You need to talk about what's going on and educate them.

There are two reasons you need to talk to your kids. First, you may need to reassure them and placate their fears. This is especially true for teens. With their active imagination, they may fear you are a week away from a homeless shelter. Second, you need to educate them. If they aren't aware of the economic crisis, they need to have some level of understanding so they know why you're having to cut back.

→ **Shut up and listen.** Don't turn the conversation into a one-sided lecture. Listen to their concerns and fears. Let them ask questions. If they aren't opening up, ask them questions such as "Are you worried about anything? Are any of your friends talking about what's going on?" Your initial goal is to get them to share what they know and figure out if they are worried about anything specific.

SECTION 4: KEEP THE FAITH

Theory goes that some industries are safe in a recession. Alcohol and tobacco companies do well because people still feel the need to drink and smoke. Healthcare is stable because we're also in the midst of a health crisis. I'd like to add one more to the list. Therapists! I can't help but think that with all of the financial anxiety out there, a lot more couches are in service.

A couple of weeks ago, I was at my local bookstore buying a few magazines to update my DreamBoard (don't worry, you'll be DreamBoarding shortly) and I was blown away by cover after cover of negativity, fear, and doomsday talk. Are things bad? Yes. Is there anything you can do to control the economy or the stock market? No. It is important to use the fear to take action on those things over which you have control, but it is not healthy for you to obsess over things you can't change.

The lesson? Control what you can and don't get sucked into the black hole of negativity that pervades the news and conversations. Here's a few ideas on how you can inoculate yourself from the doom and gloom.

Exercise Tips

A recent study suggests that exercise is <u>more</u> effective than Prozac in treating depression. This means that you can easily improve your physical and mental health just by getting a little daily exercise. No psychiatrist. No pills. No side-effects. Just a little time and motivation.

- **Frequency.** Shoot for daily exercise. I've played with many variations and have found this is actually easier than two or three times a week. Why? Because you are making it a habit like brushing your teeth every morning. The more structure you can build around your training the better. Ideally you would exercise at the same time every day, and you would create a ritual around it. For example, I schedule my workouts on my calendar. This makes them a priority and prevents me from over scheduling. Second, I set a reminder 30 minutes before I workout to have an energy snack (see below) that includes juice, bread, and super-dark chocolate. When the alarm goes off I look forward to my snack. My workout doesn't start when I get to the gym. The ritual starts at my office while I'm eating my snack.

- **Duration.** Don't worry about how long you should exercise—just do something. You'll find that once you get into a daily rhythm, you may want to exercise longer, but when you're just getting started, do it until you don't feel like doing it any more.
- **Type.** It doesn't matter. Hate running? Don't run. Equate walking with being in a coma? Don't walk. Weights bore you? Do something else. That's the beauty with exercise—it doesn't really matter what you do as long as you do something. Do something that you enjoy. The best exercises are those activities that don't feel like exercise. For example, the best workout I get is when I do Brazilian Jiu-Jitsu. It's an hour and a half of rolling around on the ground trying not to get choked out or get my arm broken. I'm a steaming gelatinous mess when I'm done, but I enjoyed every second of it. Do what you enjoy, and it won't feel like a "workout." (And there's nothing better than locking in a nice triangle choke to release some stress!)
- **Partner.** Exercising with someone is a great way to stay motivated and engaged. A good partner will encourage you when you don't feel like exercising and will make it more fun. It's a perfect way to get closer to your spouse and kids, too. Go for a daily hike. Dust off the bikes and go for a ride with the family. Lift weights with your husband. You'll be improving yourself and your relationship at the same time.

Nutrition Tips

If you eat like crap, you're going to feel like crap. You must be mindful of what you put into your body, especially now. Today's stress can wreak havoc on your body. Unfortunately, when we feel stressed, we often reach for "comfort" foods—those that taste great but offer little nutritional value. Sometimes you can't trust what your body is asking for—just ask someone addicted to nicotine or alcohol. What you can trust is good nutritional advice.

- **Whole grains.** If it's white, it ain't right. This means limiting white breads, pastas, rice, and potatoes and focusing on darker foods—especially whole grains. Don't be scammed by labels that say "Wheat Flour" or "Multi-Grain." This doesn't mean anything. You need to look for "whole grain." Everything else is just pretend. Start slowly. Get whole grain bread for sandwiches. Then introduce brown rice and whole wheat pasta (try angel hair pasta first).
- **Fruits/Veggies.** I have always loved fruit and hated vegetables, which makes being a vegetarian somewhat challenging. But, I've found that with time and persistence (oh, and a juicer), I get plenty of vegetables now. The easiest way is to incorporate a fruit or veggie at each meal and snack. How many should you eat? As many as you can.
- **Frequency.** If you have a crazy schedule, eating can often take a backseat to more "important" activities. Keeping your body full of energizing nutrients should be a priority. If you have to, schedule meals and snack times. Prevailing wisdom suggests six small meals a day is ideal, but what you're eating is more important than how often you're eating. So focus first on eating well, and then second on eating often.
- **Alcohol.** When the economy sucks and you're worried about getting laid off and making the mortgage payment, you may be more tempted to reach for a cold one. But you'll get hit with a double whammy. First, alcohol has little to no nutritional value (even red wine), and it is a depressant. Your goal should not be to shrink and withdraw, it should be to create energy and vitality so you can make the most of today's situation.

Increase Positivity

There are two kinds of people in the world: those that give you energy and make you feel better about the world and yourself, and those that suck your energy and make you feel worse about the world and yourself.

Try this exercise. Think about your family, friends, and co-workers and classify them as either "energy giving" or "energy draining." After you meet someone new, categorize them the same way. This exercise will help you get into the habit of identifying those people who bring you up, support, encourage, and give you positive energy from those who pull you down, depress, and weaken you. If you don't make this a habit, you can easily "friend" the wrong people. Your goal is obvious—be around energy-giving people and avoid energy-sucking people.

But where do you fit? Are you energy giving or draining? I was confronted with this question recently. Someone asked me how I was doing and I answered, "I'm doing okay. How are you?" I'm so used to hearing, "It's brutal. Things are tough. I'm just trying to survive. I'm dying here." But his response? "I'm doing great!" And it wasn't in a Stuart Smalley kind of way either. Intrigued, I asked him why. He told me it was a beautiful day and that he had a loving wife and family and that he had his health. It was a brief interaction, but it left me with a buzz. I felt better about the world. I felt better about myself and my life. He had his priorities right. I didn't. I got so caught up in the doom and gloom that I forgot what was important.

If you're consistently negative and/or a complainer, you probably don't even realize it. The first step is awareness. A friend of mine wears a bright purple rubber wristband on his left hand. If he complains or is negative, he has to move the bracelet to his right hand. The goal is to keep the bracelet on his left hand for 30 days straight.

To get the whole family involved, or at least hold some accountability, you can turn this into a game. If my wife or I hear the other complain or be negative, we say "five minutes." This means we get a five-minute massage at the end of the night. It's possible to rack up 20 or 30 minutes throughout the day very easily. I consider myself a very positive person, but the first day we started playing this game, I spent a good part of the night giving her a massage. I discovered just how much complaining was part of my life. More importantly, I learned to break the habit. Now my wife complains that she doesn't get as many massages as she used to. "Five minutes" for that complaint!

If you're around others who complain, take immediate preventative action. Here are two tips. First, the more someone complains, the more positive you need to become. It will either get them to become more positive (not very likely), or it will annoy them and they'll stop talking to you (more likely). Second, if the first tip doesn't work or you don't have the patience for it, put on a positivity condom. Insulate yourself by not being around negative people. If someone starts to complain, excuse yourself, or if you have the guts, tell them about the bracelet idea. They just might get the hint. And don't kid yourself into thinking your bright and cheery attitude will turn them around. It won't. The brightest white can quickly turn grey with just a drop of black.

Create a Gratitude Journal

Don't let the headlines bring you down and cause you to lose your perspective or alter your priorities. A sure-fire way to unhappiness, frustration, and bitterness is to take for granted what you have and what you've accomplished. It doesn't matter if you're broke, in a dead end job, morbidly obese, alone, or depressed. There are things in your life you have the right to feel grateful for. If you're waiting for life or the economy to be perfect before you are grateful, you'll be missing out on a wonderful gift. Identifying and expressing gratitude can sometimes be difficult, especially if you don't think you have much to be grateful for. But one of the best ways to increase your happiness and sense of wellbeing is to express gratitude. A powerful and easy way to do this is by writing about those things for which you are grateful on a daily basis. All it takes is ten minutes, a pen, and a notebook.

I can tell you firsthand the power of doing this. Just recently I've been waking up about 20 minutes earlier so I can spend a few quiet minutes reflecting, brainstorming, writing, and dreaming. One of the things I've included during this time is actively thinking about what I'm grateful for. About a week into this, I got some really bad news. The kind of news that you can't shake for some time and that has long-lasting consequences. The very first thing I thought was "this sucks!" I was shocked and angry. After about 20 seconds of this, I immediately thought back to what I had written earlier in the day. It instantly changed my perspective. Was I (am I) still upset by the news? Absolutely. But I'm looking at it from a very different place.

My guess is that there will be plenty more bad news. Give yourself a shot of positivity to build up some resistance to the negativity in the world.

Focus on the Future

One of the most popular self-help books ever written on depression is *Feeling Good* by Dr. David Burns. He identifies several cognitive distortions the depressed suffer from. One of them is Overgeneralization. This is the practice of “viewing a single negative event as a never-ending pattern of defeat." If you lose your job, suddenly you are worthless and you will never amount to anything. If you look at your 401(k) statement and you’ve lost 35% of your nest egg, suddenly you’ll never be able to retire and you’ll have to be a Walmart greeter when you’re 85 years old. When things are bad, it feels like everything is bad and they’ll always be bad.

One of the simplest, most enjoyable and most effective ways to improve your outlook and rise above the depressing headlines is to daydream—visualize a better life. In Robert Cooper’s book, *Get Out of Your Own Way*, he says “Brain scans show that simply imagining a complex and compelling goal will actually fire the same neurons that will be required to actually achieve the goal.” Daydreaming is definitely not just for kids. Spend a few minutes every day imagining your ideal life. You don’t have to write anything down if you don’t want to, just visualize it. Make it as real as you can.

If you want to get fancy, I recommend you DreamBoard. It’s something I’ve written about before, but I think it bears repeating. DreamBoarding is the process of creating a visual scrapbook of your ideal life. Why pictures? Our mind thinks and remembers in pictures. We remember faces but forget names. When we read a story, we create a visual image of the characters and the situation. The great communicators use language to create mental images. A picture can communicate much more quickly and efficiently than a word or a thought.

In addition to thinking about taking a trip to Fiji, isn’t it more powerful to also look at a picture of a Fijian beach with crystal clear water and palm trees? Does the picture improve your mood more than the thoughts alone? The added benefit of creating a collage of pictures is that they can remind you of your ideal life every time you glance at your DreamBoard.

Here's how it works. As you imagine your perfect future, jot down what it looks like. Then cut out a picture or two from a magazine that represents this life. Take your time finding pictures that get your juices flowing. If one of your goals is to own a new Porsche, buy a car magazine or find an image online.

Your ideal life shouldn't just be filled with stuff, either. It should include things you want to accomplish and ideas about the person you want to be. While it is easier to find pictures representing tangible things you want to own, you can also locate pictures representing what you want to accomplish and who you want to be.

If you want to earn a Ph.D., cut out a picture of a diploma. If you want to learn how to play the piano, cut out a picture of a piano or of someone playing the piano. If you want to work fewer hours, take a picture of your office with a clock at 3:30PM with you noticeably absent. You can find a picture for almost anything. For example, one of the things I want to accomplish is to go on an African Safari. There are a lot of places I could have gone to get pictures of Africa, but I chose to cut out pictures from an adventure travel brochure because that was more accurate for my dream.

You can even find pictures representing the person you want to be. Do you want to become a better parent? Cut out a picture of your kids on vacation or doing their homework. Do you want to be a better communicator? Cut out a picture of Ronald Reagan. Bottom line, no matter what your ideal life, you can find a picture to capture or express it.

Have fun with this exercise—get creative. While it might sound slightly silly—like making a collage in elementary school—using pictures will bring your ideal life to life.

Once you've cut out all of the pictures, it is time to create your DreamBoard. You have a couple of options. You can either create a portable goal collage by using a three-ring binder or you could create a large poster board with pictures representing all of your goals. There is nothing more powerful than looking at a collection of pictures that represent your ideal life.

Put your DreamBoard where you'll see it often. Take a few minutes every day to look at it, think about what the pictures represent, and visualize living it.

Simplify Your Life

We've done the binge thing for awhile; now it's time to do the purge thing. Most of us have a tremendous amount of excess. Too many expenses, too much stuff, and too many commitments and responsibilities.

If there is one thing this financial crisis has inspired, it is a more centered and grounded way of life. The heyday was fun, but it took work. Keeping up with the Joneses takes more than just money. It takes energy and effort. Doesn't it kind of feel good to just give it all up? Notice I didn't say "give up." I said "give it all up." You are giving up the constant pursuit for more, more, more while sacrificing what's really important to you.

For so many years, we've been operating under the belief that bigger is better. More is magnificent. And expensive is excellent. It's taken a 30% decline in housing, a 50% decline in the stock market, and a 60%+ increase in unemployment during the Great Recession to shatter these beliefs, and now we're facing a global crisis equally as significant.

Do you dream of calm over chaos? Do you wish you could hit a button and be transformed to the tranquility of another era? You can create an oasis of peace for yourself and your family, but you're going to have to relearn what it means to simplify as I bust the top three myths about the subject…

Myth #1 - Simplifying means having & doing less.

WRONG! Simplifying is not necessarily about less. It can be about more. More time. More enjoyment. More joy. More fulfillment. More of what enriches you.

If you are doing a lot of things and/or have a lot of things that don't bring you joy or support your long-term plan, then doing or having less of that kind of stuff makes sense. But you can't eliminate everything. If you throw out, reduce, cut back, and cancel as much as you can, you'll be left with a void. The purpose of simplifying—at least as I see it—is to chuck what's not important and add what is.

To help you understand what should be removed and what should be added, try thinking of activities and things as either assets or liabilities.

Assets

An asset is something that is valuable or that may be worth something. Obvious examples are stocks, bonds, buildings, raw land, gold, etc., but I want you to think of an asset a little more broadly.

An asset is anything that:

- Gives
- Increases in value
- Provides something valuable such as money, joy, security, happiness, etc.
- Strengthens and empowers you
- Moves you closer to your goals
- Provides positive stress and healthful excitement
- Relaxes and calms
- Increases health and vitality

Liabilities

Liabilities are obligations, debts, and things that cost more money than they produce or are worth, but again, let's think more broadly.

A liability is anything that:

- Takes from you
- Decreases in value
- Eliminates or reduces something valuable such as money, joy, security, happiness, etc.
- Weakens you
- Moves you farther from your goals

- Provides negative stress
- Creates anxiety or agitates
- Decreases health and vitality

Bottom line? Assets give. Liabilities take.

So how does this help you simplify? Inventory everything in your life—from your friendships, to your projects, to your commitments, to your expenses, to the stuff you own, and to your goals. Since this is quite a task, make it easier by starting with just one area. For example, non-work commitments.

List all of your commitments, responsibilities, obligations, or whatever you call them. Take out your calendar and look back a few months and forward a few months to jog your memory. Make a big list. For example, your list may include a homeowner's association meeting, mowing the lawn, paying bills, volunteering, being a greeter at church, driving the kids to school, planning a birthday party for a friend, etc.

Now, categorize each of these commitments as either an asset (A) or a liability (L). Does the activity or responsibility give or does it take? Does it get you closer to your goals or farther away? Does it create healthful excitement, or does it just stress you out?

The next step is determining if you can eliminate any of the L's. You'll never be able to eliminate all your liabilities, but your goal should be to get rid of as many as possible. The power of this exercise is becoming conscious of what gives and what takes, and then making some informed decisions about what A activities you can add and what L activities you can reduce or eliminate.

Again, simplifying is not about doing or having less. You can be running around from one project and commitment to another all day every day and be 100% in the zone and content as long as you have filled your life with assets.

Myth #2 - Simplifying means having a simple life.

WRONG! If simple is what you desire and if simple meshes with what's important to you, you should go for simple. However, there are a lot of ambitious folks who want to simplify, yet tremble when they imagine a "simple" life. They want to simplify, but they don't want simple.

Oxford may disagree, but this is why I define simplifying as "the process of removing anything physical and/or mental that is impeding your progress to what's important to you, while at the same time adding anything that is important to you."

Simplifying can mean removing simple and mundane activities and adding complex and challenging ones. One of the requirements of "flow"—the word to describe situations where you lose yourself in the activity and feel energized focus, connectedness, timelessness, and mastery—is challenge. You won't experience flow or being "in the zone" if the activity is too easy or simple—you'll feel bored.

In *Finding Flow,* Mihály Csíkszentmihályi writes, "Usually the more difficult a mental task, the harder it is to concentrate on it. But when a person likes what he does and is motivated to do it, focusing the mind becomes effortless even when the objective difficulties are great."

Simplifying can mean complexing, if it works for you.

Myth #3 - Simplifying requires eliminating all your possessions and becoming a monk.

WRONG! Simplifying often involves getting rid of a lot of stuff, but you don't need to radically alter your life to enjoy the benefits.

Dieting scares us because we immediately think of scarcity, giving up, going hungry, and eliminating. I think simplifying brings up similar emotions. When you hear simplifying, what do you think? Cutting back? Removing? Instead of focusing on what you need to eliminate, spend some time focusing on what you want to ADD. What's important to you? What would you want to do more of? What activities and things would move you closer to your ideal life? Get clear on this first. For example, here are a few things on my list:

- Spend as much connected time with my daughter and wife as possible.
- Be the best dad I can be.
- Support, encourage, and inspire others.
- Be ridiculously healthy.
- Be financially secure.

You'll notice these are not specific goals and they don't have timeframes. These are general statements, but they mean a great deal to me. I connect with these. They act as a filter. Everything that comes into my life either supports what's important to me or it doesn't.

It's actually quite easy to simplify your life . . . all you have to do is get rid of anything that is unnecessary, does not provide you with enjoyment, or does not support what's important to you—and add anything that does.

Get Organized

Disorganization is one common cause of stress and anxiety. Here's a four-step approach you can use to get organized:

1. **Limit inflow.** I limit what comes my way. The more there is, the more there is to organize. I religiously unsubscribe from email lists and email forwards as well as from physical subscriptions and mailing lists.
2. **Purge as much as possible.** I operate under the policy that everything is chuckable unless proven otherwise. I must convince myself not to throw something away.
3. **Go electronic.** Anything I must keep, I scan into a PDF file and organize with a document management program. Once scanned, I throw away or shred the original. The advantage to scanning everything you'd normally file is it takes up no space, you can find documents immediately, and you can backup these files. If you receive faxes, save yourself some time by using eFax. Faxes are

converted to PDF and emailed to you. This allows you to skip the scanning process altogether. If you have trouble managing and/or locating emails, you must use xobni.com. It's free and it has saved my sanity.

4. **Create paper-based filing system.** Keep this as simple as you can. There are many great resources online. Just Google "how to create filing system" for more info and tips.

SECTION 5: SITUATION-BASED HELP

Help for many is on the way. The Coronavirus Aid, Relief and Economic Security Act (A.K.A CARES Act) was signed into law on March 17, 2020, providing $376 billion in relief for Americans. This section provides an overview of assistance, in addition to advice and resources outside of the CARES Act for retirees (or those retiring soon), recent grads, and anyone struggling to cut back on expenses during a time when saving money is critical.

Government Stimulus Checks

Millions of Americans are scheduled to automatically start receiving stimulus checks from the government for $1,200. If you've already filed your 2019 or 2018 tax return, no additional action is needed. If you're a Social Security recipient who does not typically file a tax return, the IRS will use the information on Form SSA-1099 to generate payments of $1,200, with no additional action required.

Eligible individuals will qualify to receive checks for $1,200 if they meet the following requirements:

- Adjusted gross income up to $75,000 for single filers
- Adjusted gross income up to $112,500 for head of household filers
- Adjusted gross income up to $150,00 for married filing jointly

In addition, qualifying individuals are eligible for an additional $500 per child.

If you make more than the above amounts, you may still qualify for a stimulus check at a reduced amount. Payment will be reduced by $5 for each $100 above the qualifying amounts. For example, if you are a single filer who made $80,000 in 2019, you'll be receiving a check for $950. Here's the breakdown to help you calculate how much you will receive:

$80,000 AGI ($5,000 over $75,000 limit)

$5,000 divided by $100 = 50

50 x $5 = $250 (the amount your check will be reduced)

$1,200 - $250 = $950 (the amount you will receive in your stimulus check)

There is a limit, and not everyone will get a stimulus check. High wage earners don't qualify, including individuals who make above the following amounts:

- Adjusted gross income exceeding $99,000 for single filers
- Adjusted gross income exceeding $136,500 for head of household filers
- Adjusted gross income exceeding $198,00 for married filing jointly

Students over 17 who are claimed as a dependent by parents or guardians also don't qualify, in addition to low income individuals who haven't filed taxes, immigrants without a valid Social Security number, and unemployed high wage earners who earned more than $99,000 in 2019. Elderly or disabled individuals who are claimed as dependents also do not qualify.

For more information on eligibility and requirements, visit the IRS website: https://www.irs.gov/coronavirus/economic-impact-payment-information-center.

Unemployment Insurance

If you've recently lost your job or have been furloughed, this is definitely a stressful time. Loss of a paycheck in the midst of a global pandemic is a crushing blow, and it's necessary you file for unemployment relief as soon as possible. For workers like independent contractors who may have previously been ineligible for unemployment, the CARES Act extends benefits on a state-by-state basis.

As jobless rates soar, it's crucial you file for unemployment as early as possible to ensure you start receiving benefits. Filing a claim requires you contact your state's unemployment insurance office. For additional information and a link to help you find your state's unemployment office, visit:

https://www.dol.gov/coronavirus/unemployment-insurance.

Mortgage Relief

As unemployment rates soar, many are left wondering how they will be able to make monthly mortgage payments. If you can no longer afford payments or can only pay a portion of your monthly total, it's critical you contact your mortgage provider directly to learn what your options are.

As part of the CARES Act, homeowners with federally backed mortgages benefit from the following protections:

- A foreclosure moratorium
- A right to forbearance for homeowners who are experiencing a financial hardship due to the COVID-19 emergency

Remember that a forbearance means that you will eventually need to pay your mortgage in full. Even if you have reduced payments for now, you eventually will need to cover the full amount and may have larger payments in the future.

Whether your mortgage is federally backed or not, reach out to your provider if you need assistance to discuss potential relief options. For additional information, visit: https://www.consumerfinance.gov/about-us/blog/guide-coronavirus-mortgage-relief-options/.

Student Loans

If you're struggling with student debt, the CARES Act has automatically suspended payments for federally-held student loans through September 30, 2020. The interest rate for this period is also now set at 0%, providing student borrowers with much needed relief. No action is required to receive these benefits, and additional resources are available here: https://www.consumerfinance.gov/about-us/blog/what-you-need-to-know-about-student-loans-and-coronavirus-pandemic/.

If you have a private student loan and need assistance, it's critical you contact your provider directly to learn about forbearance options.

Small Business Relief

While businesses across the country are taking a hit throughout the COVID-19 crisis, small businesses are especially at risk. If you're a small business owner in need of emergency funding, the CARES Act offers new loan options for relief. Self-employed persons, sole proprietorships, independent contractors, or businesses with less than 500 employees are all eligible. Loan options include:

- **Paycheck Protection Program (PPP):** Loans can be accessed in the amount of up to two months average payrolls costs, plus an additional 25% (up to $10 million). If all employees are kept on the payroll for eight weeks and certain conditions are met, this loan will be forgiven by the SBA.

- **EIDL Loan Advance:** Economic Injury Disaster Loans provide advances of up to $10,000 that do not have to be repaid. The $10,000 grant is delivered to small business owners within three days of loan application approval.

To get started with a loan for your visit, consult with an SBA Preferred Lender. More details are provided on the Small Business Administration's website: https://www.sba.gov/funding-programs/loans/coronavirus-relief-options

Retired or Nearing Retirement

This is a scary time for all of us, but no more so than for those who are close to retirement or already retired. Interest rates are at historic lows and companies are cutting dividends, which means that money market accounts, CDs, and dividend-paying investments are earning next to nothing. The income that retirees count on to pay the bills has all but disappeared. To make matters worse, any money in stocks has been cut nearly in half. Trillions of dollars of investment assets have evaporated. A good deal of this money was in IRAs and 401(k)s.

Retirees often ask me: *"What do I do now?"* They planned for years, but they didn't plan for this. Here's what I said on Good Morning America back in October 2008, and it is what I'd still say today:

1. **Sell!** If you are living on your portfolio or will need to withdraw money from your investments within the next two years, take it out now and keep it in cash. This means if you withdraw $600 a month from your IRA to live on, you should have at least $15,000 in cash in your IRA. You need to do this to protect yourself. In retirement, you can't work a few extra hours of overtime if your investments don't make enough to cover rent. When you are retired, you are banking on your savings and your investments to get you through the day. It's impossible to predict how troubled the economy will get or how far the market will drop, so it's critical you give yourself a five-year cushion. When you know you can cover the bills for the next five years, suddenly the day-to-day chaos in the market is less meaningful and less frightening.
2. **Go Part-Time.** Many employers are cutting back and laying off. If you are thinking about retiring but have seen your nest egg cracked, consider sticking around the job a little longer in a part-time position. It can be a real win-win for you and your employer. Here's why. You continue to earn a paycheck, maybe continue to get health benefits, but don't have to work as many days/hours. Your employer reduces their payroll costs and retains your years of experience and skills. Talk to your boss and/or HR department.
3. **Don't check out too early.** Often people will downshift at work if they know they only have a year or two left. They may avoid big projects or responsibilities and look to coast into retirement. The problem with this approach is that your neck may be on the chopping block if your company has a round of layoffs. Now more than ever, you need to keep your job and your income. Plus, if you later decide you need to work longer or you want to negotiate a part-time position, you want to give them a reason to keep you.
4. **Work longer.** That's going to be the only solution for many hopeful retirees. If your investment accounts have been crushed and you were counting on this money for retirement, you may need to keep working, saving, and investing.

The question you must ask is, "Do I want to retire now and live the good life for a few years but then run out of money and be forced to find a new job, or is it smarter to work an extra couple of years and retire more financially secure?" See #5 to make sure.

5. **Don't panic.** You may still have more than enough to retire comfortably. Before you have visions of working until you're 92, run the numbers. Here's a two-minute calculation to see where you stand:

   What will your annual expenses be during retirement?

   How much will you get each year from Social Security and/or company pension plans?

   Multiply your investment accounts by 4%.

   If your combined income from (b) and (c) is more than your expenses from (a), you're not in bad shape. If it is less, consider cutting your retirement expenses, going part-time, or working longer.

Just Graduated From College

If you are graduating college this spring, congratulations. It's a huge achievement and you should be proud of yourself. Normally there'd be plenty of job opportunities just waiting for raw and eager talent, but this is 2020. Landing a good job is not going to be easy. Here are a few recent headlines I've seen:

- Job prospects for college grads worst since Great Recession
- Hiring prospects grim for college grads
- Economic woes affecting recent college grads
- College degree no shield as more jobs are slashed
- Come springtime, fewer jobs for recent graduates
- Job hunt tough for college graduates

The way I see it, there are really only four possible outcomes:

1. **Get your dream job.** If you are one of the best and the brightest (you know who you are), you may just land your dream job. Obviously if this is you, stop reading this book and go get that job.
2. **Remain unemployed.** Despite your efforts, you may find yourself unemployed for some time. There are many experienced workers getting pink slips and having a hard time finding work, so don't be surprised if a) it takes you a long time to find a job or b) you can't find a job.
3. **Get a crappy job.** With some determination, you may be able to find a job. It won't be your dream job, but it might pay the bills (assuming you move back home with your parents). The problem with working in a sub-par position is that you won't be learning much, making much, or growing much. When the economy turns around and employers start hiring, do you really want to list Chuck E Cheese on your resume? Think long and hard about taking a job just because it's a job. Ideally you'd want each of your jobs post-graduation to support and build on one another. Settling for just anything might do more harm than good in the long run.

4. **Check out.** This is my favorite approach—assuming you can't land your dream job and you can mooch off your parents a bit longer. Instead of being a victim of the times, this puts you in control and can boost your resume if you do it right. Here are three ways you can check out and check back in when employers are looking to hire again:

   Start your own company – Why settle for fry-guy when you can be CEO? If you have an idea and are entrepreneurial, get a few partners (i.e., other friends who can't find jobs) and start something. Worst case, you don't make a dime, but you'll learn invaluable skills and you'll have a story and something to share on your resume. Best case, your little venture succeeds.

   Travel/Create. Backpack for a year across Europe or Asia. It doesn't have to cost that much, and it will be an experience you will never forget. Plus, when it comes time to get a job, at least you did something with your time you can be proud of and talk about. If travel isn't your thing, what is? What would you love to do that won't cost a lot of money and that you won't be able to do once you get a full-time job? Start a charity? Walk across the United States? Join the Peace Corps? Climb a mountain? Write a book?

   Go back to school. Why bust your butt trying to get a lame job that will certainly look lame and desperate to future employers when you can use this time to get a master's degree? Think about what you gain with this approach—no stress trying to get a job, no empty space on your resume for a year, and, oh yeah—a master's degree. The only downside with this is the cost. As long as the degree will get you closer to your dream job, it's worth it to get a loan.

Struggling to Cut Expenses

If you've done the PERK System but haven't been able to stick to the Ps, Es, and Rs as much as you know you should, it might be time for a budget. Fortunately, we have a tool—direct deposit—that makes sticking to a budget a whole lot easier.

Direct deposit has been around for years and you probably use it now to have your paycheck deposited. That's all fine and good, but you most likely aren't using it to budget and save.

If you work for a company that offers direct deposit—most companies do today—many will let you split your paycheck into different amounts and have these amounts directly deposited into different accounts automatically.

You might be thinking, “Big deal. I can have my paycheck deposited into different accounts. How does this help me stick to my budget and save more money?” Here’s how it works. Every dollar that comes in the door has a purpose. The purpose might be to pay a bill, to save for your emergency fund, or to reach a goal. Make a list of all of your living expenses (you should have already done this with the PERK System earlier). Add all of your recurring and fixed expenses together. Things like your car payment, mortgage/rent, health insurance premiums, utilities, car insurance, etc. Basically, all of your necessary expenses.

But what about your other expenses like food, entertainment, dining out, clothing, etc.? This is where things get fun! For each major category of expense (e.g., food, entertainment), you will open separate checking accounts and have your budgeted amount direct deposited into this account every paycheck. I know. It seems like a lot of work, and it is. But if you need a (nearly) fail-proof way to stick to your budget, this can work well. Here’s a simplistic example.

John and Mary are married and have two children. They have racked up several thousand dollars in credit card debt, have no emergency fund, and have been unable to control their spending for years.

Take Home Pay/Month	
TOTAL:	**$4,500**
Fixed & Necessary Expenses	
Mortgage	$1,250
All Insurances	$550
Utilities	$350
Min Credit Card	$85
TOTAL:	**$2,235**
Flexible Expenses	
Food	$950

Entertainment	$250
Clothing	$250
TOTAL:	**$1,450**

Money for Savings/Goals

TOTAL:	**$815**

This looks good on paper, but what's to prevent John and Mary from spending a lot more on food, entertainment, or clothing? If they are hell-bent on breaking their budget, they will. But we're going to make it a little harder on them…

They will open a total of five checking accounts and have money direct deposited:

1. **Fixed Expenses Checking Account** - $2,235 direct deposited each month
2. **Food Expense Checking Account** - $950 direct deposited each month
3. **Entertainment Expense Checking Account** - $250 direct deposited each month
4. **Clothing Expense Checking Account** - $250 direct deposited each month
5. **Emergency Fund Checking Account** - $815 direct deposited each month

At the beginning of the month, they will have $950 in their Food Checking Account. This is their budgeted amount. If they want to know how much they have left in the account, all they have to do is look at the balance. If they have five days until the end of the month, but they don't have any money left, they'll have to get creative with what's in the cupboards.

Once they have 12 months of living expenses in their emergency fund, they can pay down their credit card even more.

This is an extreme budget. Most people won't need this level of oversight and structure, but there are many who would benefit from this approach. If this is too intense for you, you can use the "envelope" system where you put your budgeted money for different expenses in envelopes (instead of checking accounts). Same concept, but it's a little easier to dip into the other envelopes.

Now it's your turn. Once you know exactly how your paycheck should be divided, you can open your checking accounts. Make sure the bank doesn't charge you any fees to open an account or high on-going account fees. There are plenty of institutions that will be happy to work with you (although there are certainly fewer banks today than there were a year ago). If your bank gives you an attitude about opening so many accounts, go somewhere else.

Once you've opened the accounts, contact the human resources department at your work and tell them how you'd like your check split between the various accounts. After the accounts are set up and you have money flowing into them from each paycheck, you're done!

Out of Money, Out of Options, Out of Hope

Millions of hardworking people have become victims of this economic crisis. If you were living on the edge and then, because of a layoff or other event, find yourself pushed over the edge, you must take immediate action. Here's what you should do:

- **File for unemployment immediately.** As obvious as this is, you'd be surprised how many people either a) wait weeks or months or b) feel too ashamed and never file. The sooner you file for claims, the sooner that first check will arrive, so don't delay. If you feel ashamed, get over it. Would you feel ashamed if you wrecked your car and had to file an auto insurance claim? Unemployment is no different. You've paid into it for years, so don't feel bad now that you need to use it.
- **Look into welfare programs.** If you have a family and won't be able to pay the bills or buy food, consider welfare. Google "welfare apply [your state name]." In California, it's the Department of Social Services that handles welfare, but it may be called something else in your state.
- **Get food stamps.** Again, the sooner you apply, the sooner you'll get help. Go to www.fns.usda.gov/FSP to learn about the program and information on how to apply.
- **Debt consolidation.** Rule #1, don't get scammed! There are a lot of sleazy debt consolidation/credit counseling services out there. And don't assume because it

says "non-profit" it is legit. Go to www.debtadvice.org to find a reputable counselor in your area.

- **Bankruptcy.** Obviously, this is not a first choice, but sometimes it's the only choice. Don't expect to get a fair opinion from a bankruptcy attorney or similar service since they have a vested interest in you filing for bankruptcy. If you can scrape together $75 or $100, spend an hour with a fee-only financial advisor who can run some figures and let you know if it makes sense or not. You can find an hourly financial advisor through the Garrett Planning Network at www.garrettplanning.com.
- **Free/Reduced Cost Health Insurance.** Did you know that each state has a program that offers free or reduced cost health insurance? If you or your family is uninsured, you are exposing yourself to serious risk. Go to www.insurekidsnow.gov or call 877-KIDS-NOW right now.

FINAL WORDS OF ENCOURAGEMENT

Times are tough, but don't let the fear paralyze you. Use it to motivate you, because if you want to survive the economic crisis and take advantage of it, you will need to take ACTION. You have to do something. You can't sit back and hope things get better.

I watched a compelling 20/20 recently. It was titled, "*Live to Tell—Who Will Survive?"* and it was about who survives disasters and why. They discovered that the small percentage of people who do survive do something different from those that perish. . . they take action. They jump up instead of stay seated. They run instead of walk. They act instead of worry. They make a plan instead of accept defeat/give up.

That should be your objective. Take action. You have plenty of things you can do right now to move toward financial security and a better life even in the face of this economic disaster. Get up and get moving…