

## How to Survive Tough Times

Smart consumers will prepare for the economic downturn by getting their finances in order. To that end, consumers should take a hard look at current debt obligations, as well as any anticipated large expenses. No one ever regrets being prepared, and it is never too soon to address riding out a recession. Here are some suggestions:

- **Pay down existing debt.** High interest credit card debt takes money that could be going to a better use. Devote any extra money to freeing yourself from the bondage of debt. This is a good time to consider a part-time or weekend job with all of that income dedicated to debt. Doing so will allow you to come out from under the burden of debt, while providing you with extra money once the debts are paid off. The idea of a second job may not sound appealing, but neither is debt.
- **Don't take on any new debt.** Hard times won't last forever. Unless you have home or vehicle repairs that won't wait, delay any large expenditure until you're on more stable ground. Be willing to forego the luxuries for a while.
- **Start or add to a rainy day fund.** Everyone should have a liquid savings account for the inevitable one trip to the emergency room, away from financial distress. the emergency is going to come socking away 10 percent of each amount of money that you'll never you have it when you need it.
- **Consider setting up a home equity line of credit.** This may be hard to do during this economic environment, but it will be impossible if you're unemployed. Opening a line of credit will require significant equity in your home and a solid credit rating. However, if you are successful in setting up this loan vehicle, know that you won't incur any interest unless you borrow against it. It's a nice safety net to have in place.
- **Adjust your withholding allowances.** No one wants to end up owing Uncle Sam. Nor do we want to give him our hard-earned money all year only to have him give it back to us interest free. The average income tax refund in recent years has been well over \$2,000. If you're used to receiving a refund, adjust your withholding allowances and start putting \$200 in your pocket each month.



emergency. Without it, you're one flat tire or one leaky roof. Understand that it's not "if" along, but "when." Prepare by paycheck. That's a small miss, but certainly will be glad