

Tip of the Week



**Extension Tip of the Week (TOW)
December 31, 2007
Making Financial Changes in 2008**

Need a change- financially? Make 2008 a year when you take one or more actions to improve your finances! Consider the following suggestions and then choose at least one to work on. Remember to involve family when appropriate.

- **Set financial goals.** It takes discipline and focus to postpone spending so that you can work toward a goal that may be years (or even decades) away. Put a date and price on each financial goal.
- **Commit to saving regularly.** Small amounts add up over time.
- **Accumulate an emergency fund of at least two to three months' expenses.** This is a savings fund reserved specifically to meet emergencies or unanticipated bills, or to cover monthly living expenses if your paycheck stops.
- **Powerpay your debt.** Making "power payments" is a method to systemically put you on the path to being debt free. Go to www.powerpay.org and do a free PowerPay analysis for yourself to find how much you can save.
- **Maintain a low debt-to-income ratio.** Monthly consumer (non-mortgage) debt payments should be 15% or less of the monthly take home pay.
- **Increase your personal financial literacy.** Knowledge is power.

Check our resources at www.extension.iastate.edu/finances. Be sure to click on the personal finance tab when you go to www.extension.org. Stop by or call our office at (712) 276-2157 for publications on financial topics.