

MANAGING YOUR MONEY



Get Real—The Easy-Money Days Are Over

(NAPSA)—With tough times ahead, a new approach to money is necessary to achieve the financial security and sanity you desire.

The events on Wall Street have been a wake-up call for all of us.



MP Dunleavy

Yet despite the drastic change in our economic landscape, few people are making the changes in behavior that will bring them financial

peace of mind in the long run. With a host of new obstacles and challenges, people cannot afford to approach their finances in the same way that they have for the last five to 10 years and expect to “be OK” or “get by.” MSN Money columnist MP Dunleavy explains that financial honesty and developing a solid plan for reaching your financial goals are the only ways to stay afloat during these rocky times. Old-fashioned as they sound, the golden rules of money management still apply. Here are some of her tips for getting ahead in hard times:

- **Go on a cash-only diet.** Don't jeopardize the future to keep up appearances, or even conveniences, in the present. Numerous studies have demonstrated that people spend less when they only use cash because they become more aware of where their money is going. Instead of mindlessly swiping those credit cards, switch to good, old-fashioned cash and witness how much less you spend, how much more you save.

- **Adopt a no-excuses strategy.** You may not want to take on a second job or sell your grandfather's watch—but you may have to. Do whatever it takes to get your finances under control now and you'll thank yourself when

you watch debts dry up and savings build into a cushion you can depend on.

- **Keep up the basics.** Glancing at your 401(k) statement might make your stomach drop but keep those retirement contributions steady. Studies show that regular investments over time yield the biggest payoff. We don't know what the next decades may bring. You must depend on savings efforts now to truly enjoy your golden years down the road.

- **Reprioritize spending.** Spend five minutes reviewing last month's bank statement and note where your money went. Does your spending reflect your priorities? Maybe it's time to adjust. Aim to get your basic living expenses down to about 60 to 70 percent of your income. It can be done, if you're honest with yourself about what's essential. With the rest, save in order to spend. Meaning: Allocate 10 percent for retirement, 5 to 10 percent for unexpected expenses, 5 to 10 percent for long-term expenses (or getting out of debt) and 5 to 10 percent for, yes, having fun. Most of your savings is money you'll spend—but with this system, you'll have the cash and won't be forced to turn to credit.

- **Prepare for the extras.** It is easy to get carried away with the generous spirit—or consumer pressure—when holidays, birthdays or other special occasions roll around. Rather than succumb to the undertow of the buy-more mentality, remember the purpose of gift giving: to show appreciation to our loved ones. Keep in mind that there are creative ways that you can do this without breaking the bank. When you do spend, use the cash you've been saving. If you can't buy it, you don't want to owe it.

For more helpful financial tips from MP Dunleavy, visit www.money.msn.com.