

# Employee Assistance Program

## Staying on Track with your Finances

As soon as you start spending money, you should track your spending so you can create and follow a personal budget. Keeping track of expenses, while sometimes tedious, is the best way to find out exactly where your money is going.

The simplest way to keep track of your finances, especially your cash, is the low-tech way, with a notebook and a pen. By carrying around the notebook with you, you can track exactly where every dollar is going—from a small coffee on your way to work to a spending splurge at the mall.

Once you have collected information for about a month, you'll have a good baseline of information to create your personal budget. Some major categories that you'll want to include are housing, utilities, insurance, food (groceries and dining out), gasoline, clothing, entertainment, and "other".

Your budget should also contain some personal savings amounts for retirement savings, college savings, an emergency fund, long-term savings, and any other savings goals you may have.<sup>1</sup>

Here are some things you should keep in mind when it comes to your personal finances.

- **"Why should I save for retirement?"** - Many Americans look forward to their retirement years, which can be a time for traveling, spending time with family, or enjoying a vacation home. In order to enjoy your retirement to the fullest, you'll need to have an appropriate level of savings to get you through many years without a steady stream of income.
- **"What is an emergency fund and why do I need one?"** - An emergency fund is a savings cushion available to you in the case of a financial emergency. There are many situations where you may need to rely on your emergency fund, including: job loss or other reduction of income, health emergencies, automobile repair, and home repairs.
- **"How should I review my personal savings plan to make sure I'm on track?"** - First review your savings versus your goals. This is especially important for long-term savings, such as college savings and retirement savings. In addition to the account balances, you should also review your investment strategies. As your goals become more short-term, make sure that your investments reflect this. If you aren't sure how much you should be saving, you may want to work with a professional financial planner.
- **"Can I borrow from my 401(k)?"** - If you are like most people, your 401k account represents your largest savings account. When you need to access funds in a personal financial crisis, it's understandable why you would consider borrowing from your 401(k) account or withdrawing from your 401(k) or IRA. After all, it's your own money. Plus, in the case of a loan, the interest paid goes into your retirement account. Before you tap into your 401(k), you should understand how borrowing works and know your options. Borrowing or withdrawing from your retirement account prematurely should only be done when you have no other choice.<sup>2</sup>

For more information on this topic or for further assistance, please contact your Employee Assistance Program.

<sup>1</sup> Make a Personal Budget and Keep Track of Spending. (n.d.). Retrieved November 15, 2017, from <http://www.moneymanagement.org/Budgeting-Tools/Credit-Articles/Money-and-Budgeting/Make-a-Personal-Budget-and-Keep-Track-of-Spending.aspx>

<sup>2</sup> Five Things You Need to Know About Personal Savings. (n.d.). Retrieved November 15, 2017, from [http://www.moneymanagement.org/Budgeting-Tools/Credit-Articles/Money-and-Budgeting/~/\\_link.aspx?\\_id=8DFB6C49372A45EA9E1F5781B50EC299&\\_z=z](http://www.moneymanagement.org/Budgeting-Tools/Credit-Articles/Money-and-Budgeting/~/_link.aspx?_id=8DFB6C49372A45EA9E1F5781B50EC299&_z=z)



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