

Living a Balanced Life

Living a healthy, law-abiding life helps you succeed at work. When you take care of yourself physically, mentally, emotionally and financially, you replenish the energy you expend at work. You become balanced.

Why is a balanced life so important? Work is stressful for everyone. A recent Gallup poll found that one in three U.S. workers felt dissatisfied with how much stress they face on the job. While some people thrive under stress, others crash. Your reaction to stress depends to some extent on how well you balance your life.

Be aware of wonder. Live a balanced life—learn some and think some and draw and paint and sing and dance and play and work every day some.

Robert Fulghum



Quote

Protect Your Physical Health

The first step in caring for yourself is protecting your physical health. By staying healthy and avoiding injury, you lay the foundation for a balanced life.

Stay Fit

You can protect your physical health by maintaining a fit body. Not a perfect body, but a healthy one. Staying fit helps you ward off illness and decreases your stress level, so:

- Get plenty of sleep—probably more than you think you need.
- Drink plenty of plain water, at least eight glasses a day.
- Warm up and stretch your muscles daily.
- Get regular cardio-vascular exercise, such as walking, jogging or aerobics.
- Increase your strength using free weights, machines or isometrics.
- Eat a balanced diet that includes plenty of fresh fruit and vegetables.
- Avoid nicotine in all forms.
- Drink alcohol and caffeine only in moderation.
- Get regular check ups with a doctor.

Hand Washing

Your best protection against contagious illnesses is to wash your hands properly.

When to Wash:

- After you use the restroom
- Before you touch food
- After you touch someone who is ill
- Any time you think you might need to

How to Wash:

- Use soap and running water.
- Rub vigorously for at least ten full seconds.
- Avoid recontamination by using your elbows and wrists on the faucet, towel dispenser and door handle when you leave.

Avoid Injury

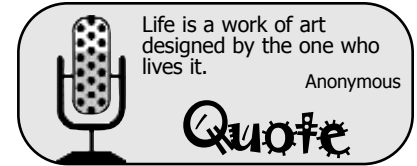
Regardless of the type of work you do—construction, computing or caregiving—it's important to avoid injuring yourself, either through an accident or repetitive motion-related stress.

To protect yourself on the job:

- Follow all the recommended procedures for each task you do.
- Request the proper equipment from your employer, if necessary.
- Use a headset if you talk on the phone for long periods of time.
- Stretch frequently.
- Check your posture every half hour.
- Wear clothes that fit comfortably, without binding.
- Shift regularly from standing to sitting.
- Periodically focus your eyes on a distant point if you do detail or computer work.
- Lift heavy or large objects by squatting and using your legs, not your back. Ask for help.

Protect Your Mental Health

Your mental health is as important as your physical health. Your brain is an organ like any other and you need to keep it in shape. If not, your thinking becomes negative and lazy and your creativity suffers.

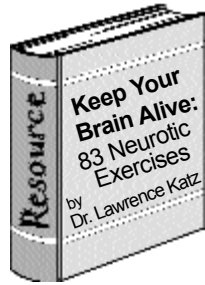


Stimulate Your Mind

To keep your brain sharp, do something new on a regular basis. According to neurobiologist Lawrence Katz, stepping out of your routine helps you “actually forge brain pathways – which is how you learn, problem-solve, think creatively, and stay mentally alert.” It also helps you learn more easily.

You don’t need to enroll in college to stimulate your mind. Instead, you can “shake things up” if you:

- Go for a walk.
- Take a different route to work.
- Talk with someone new.
- Read a challenging book.
- Do crosswords or other puzzles.
- Play chess or cards.
- Learn a new skill at work.



Encourage Yourself

One simple – but not always easy! – way to protect your mental health is to speak to yourself in a positive and encouraging way. All too often, people beat themselves up. “You’re so stupid!” they think when they make a mistake. “Why can’t you be like her?,” they ask themselves when they meet someone who seems more successful.

If you speak to yourself this way, you may eventually start to believe those critical words. To encourage yourself:

- **Notice your “self-talk.”** Awareness alone changes your it.
- **“Fake it ‘til you make it.”** Treat yourself the way you treat your closest friends. Gradually, being kind to yourself becomes a habit.

When you learn to speak to yourself in an upbeat way, your confidence and your performance improve.

Take a Break

Another way to improve your mental health is to take breaks as allowed by your employer. They can restore energy and increase productivity. For example:

- **Take a lunch break every day.** Don’t talk or think about work while you eat.
- **Leave your work area to eat lunch.** Go outside, move to a different place at the work site, go to an actual break room or visit a restaurant.
- **Energize yourself.** If you can, take a ten minute break in the morning and another in the afternoon. Freshen up, go for a walk or stretch. Get your blood flowing again.
- **Leave work at work.** No fretting, worrying or working when you’re “off duty!”
- **Take time for yourself.** Schedule time during your off hours so that you don’t forget. Even just a few minutes a day helps restore your energy for work and home life.

Live a Clean Life

Your mental health—and career—benefit when you live a clean life at home and at work. Sneaking, hiding and getting in trouble waste a lot of energy—energy you could put into your work instead. To live a clean life:

- **Avoid criminal activity.** You will be ineligible for certain jobs if you have a felony arrest or serious misdemeanor conviction on your record.
- **Avoid questionable activities.** If certain types of private behavior become publicly known, they could mean trouble. Even if you don’t lose your job, you may lose the respect of others and, as a result, some of your effectiveness at work.
- **Avoid alcohol, drugs around coworkers.** “Using” on the job is, of course, always wrong. But even drinking at “happy hour” with coworkers can be a mistake. Getting tipsy in front of your supervisor does not help you look professional or competent.
- **Avoid alcohol and drugs outside work.** Drinking and taking drugs on personal time can damage your career. If you test positive on a drug test, you can lose your job. If you show up late or hungover from the night before, your performance declines. If your job puts lives on the line in any way, you risk harming—even killing—yourself or others.

A Texan Story

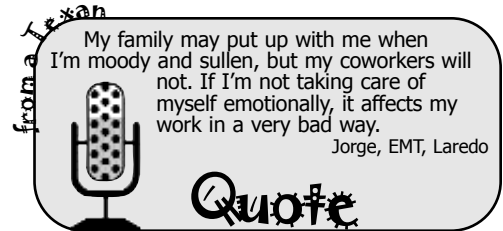
Mary works as a licensed vocational nurse in a hospital where she sees pain and suffering every day. She loves her patients but she doesn’t like to take her work concerns home with her.

She mentally leaves work behind by going to the gym on her way home every day. By the time she’s done with her exercises, work is the last thing on her mind.

When she gets home, she feels re-energized and ready to give her kids and husband the attention they deserve.

Protect Your Emotional Health

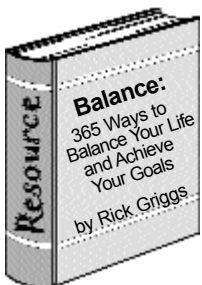
Protecting your emotional health helps you remain a top performer. It requires developing the structure and support you need to handle life's ups and downs. Without it, your emotions can go out of control, making your job difficult and causing the people at work to distrust you.



Respond Differently

One way to protect your emotional health is to change your response to stress. Stress can motivate and energize you or it can wear you down. Take the test below to see how well you cope. To handle stress effectively:

- **Laugh.**
Finding the humor in any situation makes it easier to handle.
- **Let it go.**
If you have the power to change a situation, change it. If not, don't fret about it. Worrying and obsessing waste energy and make you too tired to change what you really can.
- **Identify harm done.**
When some incident upsets you, pause before you react. In *Making Do Out of Doo-Doo*, JoAnne Owens-Nauslar, Ed.D. suggests asking yourself "Does the situation I'm in seriously threaten me, or is it just embarrassing?" Unless you face real danger, let it go. And laugh.
- **Put your problems in perspective.**
Will the situation matter five years from now? Is it a matter of life and death? If not, let it go. There's no reason to lose your cool.
- **Take responsibility for your feelings.**
No one can "make" you angry or hurt. Your emotions come from within YOU. Thinking others control your feelings is a victim mentality (and is itself very stressful). Once you realize you're in charge of your emotions, you can choose to react differently.



Choose Friends and Activities Carefully

The way you spend your leisure time—and the people with whom you spend it—can help or harm your emotional health. It's your free time: choose wisely.

- **Spend time with positive people.**
Upbeat people who encourage and respect you help relieve your stress. Negative people add to it. Even if they have been your friends for a long time, let negative people go or limit contact with them.
- **Do only what you love.**
Focus on leisure activities that energize, rather than drain, you. Doing activities that you dislike during your "free" time is stressful and depressing, so keep those chores to a minimum.
- **Express your feelings.**
Holding in or denying pain, sorrow or anger may cause health problems. Writing or talking about it with people you trust helps.
- **Don't spread yourself too thin.**
Even positive people and activities can stress you if you over-schedule. Make time for yourself and say "no" to requests when necessary.
- **Meditate.**
Quiet reflection and conscious breathing relax and renew you, contributing to every area of health.

Stress Balance

To find out your stress balance, circle the appropriate number: 1=almost always; 5=never

Afterwards, add up all the numbers circled and then subtract 20. The results:

1-9 - excellent handling of stress
10-30 - good handling


31-50 - vulnerable to stress
51 and up - serious problem with stress

I eat at least one hot, balanced meal a day.	1	2	3	4	5
I get seven to eight hours of sleep at least four nights a week.	1	2	3	4	5
I give and receive affection regularly.	1	2	3	4	5
I have at least one relative within 50 miles on whom I can rely.	1	2	3	4	5
I exercise to the point of perspiration at least twice a week.	1	2	3	4	5
I limit myself to less than half a pack of cigarettes a day.	1	2	3	4	5
I take fewer than five alcoholic drinks a week.	1	2	3	4	5
I am the appropriate weight for my height.	1	2	3	4	5
I get strength from my spiritual beliefs.	1	2	3	4	5
I have an income adequate to meet basic expenses.	1	2	3	4	5
I regularly attend club or social activities.	1	2	3	4	5
I have a network of friends and acquaintances.	1	2	3	4	5
I have one or more friends to confide in about personal matters.	1	2	3	4	5
I am in good health (including eyesight, hearing, teeth).	1	2	3	4	5
I am able to speak openly about my feelings when angry or hurt.	1	2	3	4	5
I have regular conversations with the people I live with about domestic problems.	1	2	3	4	5
I do something for fun at least once a week.	1	2	3	4	5
I am able to organize my time effectively.	1	2	3	4	5
I drink fewer than three cups of coffee (or caffeinated drinks) a day.	1	2	3	4	5
I take some quiet time for myself during the day.	1	2	3	4	5

from Boston University Medical Center



Procrastination



Putting off a hard thing makes it impossible.

George Horace Lorimer

Quote

Do you put off until tomorrow what you could do today? Do you avoid work sometimes and over-work at others? Do you dodge confrontations? Are you frequently late? Do you feel stressed, anxious and guilty about all the work you haven't done?

If so, you may be a procrastinator. And you're not alone. The many books devoted to this problem show how common it is. Procrastination is a way of being that detracts from every area of your life. Overcoming it goes a long way towards helping you achieve balance at work and at home.

Causes

Contrary to popular belief, procrastination is not caused by laziness. Instead, several factors may contribute to the problem. They include:

Fear of failure

Procrastinating protects you from failure because you can't reveal your true abilities if you always do things at the last minute. Maybe you wouldn't be so great if anyone saw your best effort.

Fear of success

Moving forward in life can be scary. Procrastinating sabotages your advancement, keeping you safely where you are.

Rebellion

Procrastinating can be a way of saying "No! You can't tell me what to do." It's a passive reaction to authority.

Inability to prioritize.

When you have no idea what is and isn't important, you can't know where to start, so you don't.

Perfectionism

If your work must be perfect and you know that perfect is impossible, then you don't do anything.

Need for excitement

Procrastinating—and the cramming to recover from it—can be exciting. The anxiety gets your juices pumping and your adrenaline flowing.

Consequences

Procrastination diminishes the quality of your entire life. As Seneca once said, "While we are postponing, life speeds by." Here are just a few of the consequences:

Your work suffers.

You don't present your best product if you hastily throw it together at the last minute.

Your work relationships suffer.

You feel sneaky and guilty around coworkers and boss when you avoid your work.

Your dreams suffer.

You don't pursue your life goals because you're too busy putting them off.

Your integrity suffers.

You make promises to yourself and others that you don't keep.

Your quality of life suffers.

You feel guilty when you don't work yet anxious when you do.

You feel stressed.

It's hard to carry the weight of your unfinished work on your shoulders all day (and all night) long.

Your coworkers feel stressed.


They can't do their part of the project until you do yours.

Your supervisor feels stressed.

Her supervisor keeps pressuring her for your past-due report.

Your family feels stressed.

They've been living with you while you work around the clock to meet your deadline and you've been distracted, self-centered and irritable.



It is better to begin in the evening than not all all.

English proverb

Quote

A Texan Story

Shannon received an exciting new project at work. Soon, however, the size of the project began to overwhelm her and she dreaded working on it. The more she avoided it, however, the bigger it loomed.

After cleaning her cubicle and playing too many games of solitaire, Shannon felt worse than ever. She had so much to do and she'd just wasted hours. What was the matter with her? Maybe she could find another job...

Finally, Shannon faced the facts: she was scared and her fear had paralyzed her. She needed to do something different.

She began by listening to her own thoughts. She realized that she often told herself, "You're never going to finish it on time." And "It's going to stink." And, worst of all, "You can forget about your social life until you finish this project." No wonder Shannon didn't want to get started! It'd be like going to prison.

Next, Shannon assessed her fears rationally. How realistic were they? She discussed them with friends, who reminded her that she got scared before every major project but always did well.

Shannon's negative thoughts didn't change, but her response to them did. She joked with herself, saying "Yeah, my life is over. I'm going to lose my boyfriend, my friends and my job. I'll wind up old and alone because of this one assignment."

Playing out her fears until their irrational conclusion allowed her to laugh at them and begin to work.

She started slowly by dividing the project into separate little tasks. She completed each task one-by-one and forgot about the project's size. It was really just a series of actions to take.

The project turned out fine and Shannon got a raise. More importantly, she learned to face her fear.

"Cures"

Like many complex problems, you can't "cure" procrastination once and for all. Fortunately, you can minimize its effect on your life if you:

Break it down.

Divide the project into small, realistic tasks. Write them on a to-do list and cross off items as you complete them. Procrastination evaporates in the face of progress.

Prioritize.

If you have too much to do, maybe you shouldn't do it all. Experts say that 80% of the benefits come from 20% of the tasks. So focus first on the 20% your boss says are most important.

Get support.

Talk with friends about the problem and ask one to sit with you (after work hours) as you do a difficult task. It really helps decrease the anxiety.

Do something, anything.

Set an alarm for fifteen minutes. Work solidly until it rings and then congratulate yourself. Do it again.

Lighten up.

Forget about the guilt; it's just another excuse to procrastinate. Start fresh. Pretend you were just hired today. And laugh at yourself. Humor increases productivity.

Stress-Reducing Structure

Scrambling to get to work on time can be extremely stressful. You can protect yourself from that stress—or at least minimize it—by planning ahead.

Getting to work on time begins long before you wake up in the morning. You have to structure your life so that your daily routine gets you out the door on time despite potential obstacles. Here are some suggestions:

Morning Routine

Observe yourself for a few days to get an accurate sense of how long it takes you to get ready for work each day.

Before work, you may need to (among other things):

- wash and dress yourself
- wash and dress your children
- prepare breakfast
- eat breakfast
- wash dishes
- feed the dog or cat
- take out the garbage
- exercise
- meditate
- prepare lunches
- make sure your children have everything they need for school

Decide what you must do in the morning, what you can do the night before, what you can do more efficiently and what you can skip altogether.

Evening Routine

You can decrease your pre-work preparation time by starting the night before. You can, for instance:

- Set out clothes for yourself and your children.
- Pack lunch(es).
- Set out dishes for breakfast.
- Place everything your kids need to take to school in a bin in front of the door so they won't forget anything.
- Get to bed early enough to give you sufficient sleep. It makes waking up the next morning much easier.

This list could go on. How can you make your preparations less stressful?

Alarm Clock

If you do not naturally wake up in time to get ready for work, buy a reliable alarm clock.

Make the clock work for you. If you sleep deeply, you may need to set two clocks to ring at different times. If you tend to turn the alarm off and resume sleep, keep your clock far enough away so that you have to cross the room to turn it off. It will force you to wake up.

Transportation

Whether you drive, walk, bike or take a bus to work, your transportation must be reliable, so:

- **Take care of your vehicle.**
Whether you give your car regular oil changes or protect your feet from blistering, keep your transportation in working order.
- **Live near work if possible.**
That way, if your regular transportation fails, you can always walk or bike to work.
- **Call a cab if your ride fails.**
It may be expensive but it probably costs less than losing a day's wages (or losing your job).

Travel Time

Plan realistically for travel time. Don't think about how long it "should" take. See how long it really takes and then leave home in plenty of time. In addition:

- **Plan to arrive early.**
If some unexpected delay occurs, you have a "cushion" of time so you won't be late.
- **Listen to traffic reports.**
Leave earlier or change routes if necessary to avoid problems.
- **Check the weather.**
Give yourself more time if the weather is bad. You may drive well in the rain but other people don't.

Dependent Care

If you care for people at home, such as children or elderly relatives, their physical well-being is as important as yours. Many people use up their sick time caring for ill family members, not themselves. Keeping everyone healthy helps you to get to work.

- **Have a plan.**
Since your dependents *will* get sick at some point, have a plan in place that ensures that they get the care they need and you get to work. Maybe another family member can stay home. Maybe your supervisor can let you work at home at such times.

- **Don't wait for someone to get sick.**



Good order is the foundation of all good things.

Edmund Burke

Quote

Work out the plan when everyone is well so that no crisis arises when someone is not.

There is an easier, better and quicker way to do most everything, and... we must seek those... ways.

Gustav Metzman



Quote

Appointments

Personal appointments can sometimes interfere with getting to work on time. A little planning, however, can often decrease the stress of meeting your commitments and reduce the time you miss at work. You might:

- **Keep a calendar.**
Put all of your appointments on one calendar.
- **Schedule on your time.**
Try to schedule personal meetings outside of work hours whenever possible.
- **Group appointments.**
When possible, group appointments so that, for example, you visit your child's teacher and your doctor on the same day.

Helpful Hint

A month-at-a-glance calendar lets you see your obligations for a several week period, making it easier for you to avoid over-scheduling yourself.

Errands

If you're smart about how you run your errands, you may not do everything you want to, but you'll probably do everything you need to. And you won't need to miss any work.

- **Use a grocery list.**
Keep it (and a pen) in your kitchen. Using the list helps prevent those early morning trips to the store for milk.
- **Plan your errands in advance.**
Decide what you need to do and the best time to do it. Group errands by location; it helps you avoid running back and forth across town.
- **Choose your stores wisely.**
If you can, use the pharmacy at the grocery store where you shop. Join the bank that's near your house. Anything that saves commute time lessens your stress.

Protect Yourself Financially

Career success requires balancing not only your life, but your money as well. So how do you protect yourself financially? Do four things consistently: save for the future, be aware of what you spend and earn, build good credit and avoid debt.

Save Your Money

Americans don't save much money — less than almost any other Western country. Be different. Save as much as you can — both short- and long-term. You'll need it!

Short-term

Your short-term savings fall into two categories: planned and unplanned. If you plan to buy a car, for example, you may save up for the down payment.

Saving for unplanned events is also important. A medical emergency, for instance, can devastate your finances if you have no money set aside in reserve.

Experts recommend that you set aside a "prudent reserve" equal to three month's expenses. If your expenses average \$2,000 a month, for example, keep \$6,000 in savings in case an emergency or job loss.

For many people, this goal is unrealistic. Still, building a reserve, no matter how small, is a smart idea.

You can build your short-term savings by putting money from each paycheck into your savings account. Your bank or credit union may even make the transfer automatically so that you never see the money, much less spend it. And when you do spend your short-term savings, you just begin saving for it again.

Long-term

Most people save long-term for two reasons: retirement and education.

When you're young and healthy, it's hard to believe that you will ever be old, sick or disabled. But it happens to each of us sooner or later. It's your responsibility to plan for it now. You can't expect taxpayers or your family to support you when you can no longer work.

If you have children, you might also set aside money for their education. Colleges and technical schools are very expensive and may become even more so. Even if your children have scholarships and work while at school, they may still need your help.


Often, you can save long-term through your job, where your employer deducts part of each of your paycheck and invests it. This money goes into savings before taxes, increasing the amount saved and decreasing the tax owed each pay period.

In addition, some employers, such as government agencies, place a portion of your wages into a group retirement fund. However you save, just do it!

from a Texan

I don't make a lot of money yet, so I didn't think it'd be worth it to save for retirement. Then my benefits coordinator showed me how money grows over time. Now I save all that I can.

Teresa, factory inspector, Austin



Quote

Identifying Monthly Expenses

The following categories represent typical monthly expenses. You can use this list to categorize your past month's purchases and plan your next month's spending. See how well your expenses match your income.

Expense	Per Month
House payment or rent	\$
Telephone	\$
Electricity	\$
Gas and water	\$
Car payment	\$
Car insurance	\$
Car gas and maintenance	\$
Other transportation	\$
Medical	\$
Food	\$
Clothing and footwear	\$
Entertainment/recreation	\$
Hair care/toiletries	\$
Household supplies	\$
Laundry or dry cleaning	\$
Child support, alimony	\$
Pet (vet bills, food, etc.)	\$
Debt and loan payments	\$
Education/training	\$
Health club fees	\$
Renter's insurance	\$
Health/life insurance	\$
Medical expenses	\$
Savings	\$
Taxes	\$
Other	\$
TOTAL	\$

Time Value of Money

Start saving for retirement now, even if it's only \$10 a month.

The reason is compound interest. Over time, your savings (the "principle") accrue interest, which adds to the principle, accruing even more interest. This process is known as "compounding."

To see the power of compound interest, see the chart at right. If you set aside just *one dollar* in the year 2000, it becomes \$18.68, \$59.95, even \$304.48 by the time you retire in 2060.

Imagine how your savings will grow if you set aside \$10. Or \$10 a month. Or \$50 a month. Or more.

Year	Annual Interest Rate		
	5%	7%	10%
2000	\$1.00	\$1.00	\$1.00
2010	\$1.63	\$1.97	\$2.59
2020	\$2.65	\$3.87	\$6.73
2030	\$4.32	\$7.61	\$17.45
2040	\$7.04	\$14.97	\$45.26
2050	\$11.47	\$29.46	\$117.39
2060	\$18.68	\$57.95	\$304.48

Be Financially Aware

The advice of hundreds of finance-related self-help books boils down to one idea: be aware. Know exactly how much money comes in and how much goes out and where it goes. This awareness helps you achieve financial balance. It requires five simple steps:

1. Balance Your 'Book

When you balance your checkbook and reconcile it with your bank, you know exactly how much money you have.

If you don't balance it, you may bounce a check and have to pay fees to your bank and to the merchant. While some people avoid checking accounts for this reason, the benefits of keeping your money in a bank far outweigh the risks, especially if you monitor your spending.

Why a Bank or Credit Union?

The advantages of keeping your money in a bank or credit union outweigh the disadvantages.

Benefits

- direct deposit of wages
- ATM card
- competition for rates/costs
- checks instead of cash (less risky)
- no high fees to check cashing places
- no money order purchases
- direct withdrawal to pay certain bills
- savings account

Risks

- possible check bouncing
- possible fee for account
- minimal cost of checks

2. Add Up Your Debts

Financial awareness means clarifying how much you owe. On a sheet of paper, list all your debts—credit card, personal (the \$15 your friend loaned you), bank loans, tax debt, unpaid utility bills, medical bills and so on.

For simplicity's sake, forget secured debt, such as car loans and student loans, that you pay on time. If you have missed payments, though, add the overdue amounts (and any related fees) to the list.

Add it all up to see your total debt. It may be scary to face how much you owe, but it empowers you to begin planning how to become debt-free.

3. Track Your Spending

The most important tool for financial awareness is tracking your spending. How can you know how much money you need if you don't know where it all goes?

- **Write down what you spend.**
For at least a month, record everything from paying your rent to buying a gumball. One month won't show all your irregular expenses, such as doctor's visits and car repairs, but it gives you an idea of how you spend.
- **Review your spending.**
Put your written expenses into categories, such as those listed on page 46, and calculate the total for each. You may be surprised at what you find. Maybe you spend more or less than you imagined.

4. Plan Your Spending

Knowing exactly where your money goes allows you to decide where you *want* it to go. Use the record of your spending as a guide to plan how to spend next month.

When you plan your spending based on actual expenses, your life changes. Your goals—and the path to achieve them—become clearer, making it more likely that you'll achieve them. You'll find it easier to stick to your spending plans.

Plan for Taxes

You decide how much money your employer should withdraw from your paycheck for federal taxes (your "withholding"). Your human resources person will show you how.

If you under-pay, you'll face a bill on April 15th, when taxes are due. If you overpay, you receive a refund from the government.

Keeping the record [of your spending] is a quantum leap toward gaining control over your money and your life.



Quote

Jerrold Mundis
How to Get Out of Debt...

A Texan Story

Antonio kept a spending record for a month, thinking it was a waste of time. He figured he knew where his money went.

He was astonished to find that the \$3 he spent on coffee and a sweet roll every morning added up to \$60 a month. Nor had he known that he'd spent \$35 on lottery tickets but only won \$4.

Tracking his spending made Antonio see where to make changes. He immediately felt more in control and less "poor."

5. Be Organized

Financial awareness requires just a *little* bit of organization. Your system doesn't matter. Just sticking to it increases your financial awareness. You might simply:

- **Keep your records in one place.**
As soon as they arrive, put all bills and receipts in a box by the front door, for instance. You won't lose papers or waste time looking for them.
- **Pay your bills at a set time(s).**
If you get paid every two weeks, for instance, set aside the first and second Sundays of the month to pay your bills. You'll avoid late fees and worries about whether you paid on time.



Build Good Credit

The credit card industry drives spending in America. When you understand how that industry works, you can begin to gain control and protect yourself financially.

How Credit Works

The credit concept is simple. A bank lends you money “on credit,” putting you in debt. If you don’t pay it back in full immediately, the bank charges interest. The interest compounds over time, costing you even more money.

For many people, this loan takes the form of a credit card. The card may say Visa, but a particular bank issues it. The bank pays the merchants and you repay the bank.

Banks want you to enter into debt. In fact, they prefer to loan money to someone who is already a little bit in debt than to someone who’s not. They make money from the interest that you pay and they can’t make money if you don’t debt.

When you pay – on time, every month – at least the minimum amount due on a loan, you develop a positive credit history, whether you ever pay off the debt or not.

It’s critical that you establish some credit record. If you have never borrowed before, banks can’t judge whether you’re a credit risk and will be reluctant to lend you any money.

Credit reports

Loaning money is risky because it may not be re-paid, so lenders “run a credit check” of your credit history to decide whether you’re worth the risk.

If your credit report is good, they loan you money. If it’s OK, they loan a limited amount at a high interest rate. If it’s bad, they don’t lend it at all.

Your credit report comes from private credit bureaus. Banks, merchants, utility companies and others report your payment history to these bureaus, who then sell the reports to potential lenders. It’s important to regularly check your own report for accuracy.

Benefits of Good Credit

The better your credit history, the more likely banks will lend you money, the more money they will lend you and the lower the interest rate they’ll charge. With these loans you can:

- buy a house,
- buy or rent a car,
- buy tickets over the phone,
- buy gifts online,
- reserve a hotel room,
- buy gas at the pump.

And more.

Credit in the form of credit cards is especially convenient. Many of the items above are difficult, if not impossible, to obtain without them. Merchants everywhere accept them and they can sometimes be safer to use than cash, as the box below explains.

Different Card Types

There are different types of money cards available. Choose one that suits your needs.

Type One

This type of card affects your credit history. If someone steals it, you usually don’t have to pay for what the thief bought.

Credit card: through which the bank loans you money then bills you monthly (e.g., Mastercard or Visa).

Bank card: a card through which the bank lends you money but requires you to pay it the bill in full or pay a fee (e.g., American Express).

Type Two

This type of card does not affect your credit history because it directly withdraws money from your bank account. If someone steals it, the thief can empty your account; you have no protection.

Debit card: a card that immediately withdraws funds from your bank account; looks like a credit card.

ATM card: a card you can use (usually for a fee) to withdraw cash from automatic teller machines around the world.

How to Get Good Credit

If you have no credit history or a poor one, you can start to build a positive credit history today. Here’s how:

- **Pay your bills in full.**
Every month, pay the total due for each bill you receive. If you use a credit card, NEVER skip a payment.
- **Use your credit card responsibly.**
Limit yourself to one credit card and pay each bill in full. It’s easy if you treat it like a debit card. Record each transaction and mentally subtract the amount from your checking account balance. When the new bill arrives, you will have enough money reserved to pay it in full.

- **Consolidate your debt.**

If you have more than one credit card, transfer the amount due (the “outstanding balance”) from each onto the card with the lowest interest rate. Cancel the other cards and begin repaying your debt.

- **Borrow just to repay.**

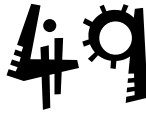
You can establish or re-establish credit by borrowing money for the sole purpose of repaying it. This method actually costs you some interest fees but it may be worth it to improve your credit.

First, obtain a small loan from your bank or credit union. Deposit the money in your savings account – don’t spend any! – and use it to repay the loan month by month. Your credit report will show a loan successfully re-paid and you won’t have put yourself in a bind to do it.

Where to Get Help

If you feel stressed about your debts, look in your phone book for the nearest Consumer Credit Commission office. This not-for-profit organization has helped millions of Americans pay off their debts.

You might also join Debtors Anonymous. This self-help group, based on the 12 Steps of Alcoholics Anonymous, offers a proven method for paying off debts and overcoming the underlying problems associated with excessive spending.




Avoid Debt and Bad Credit

Borrowing money irresponsibly leads to two major problems: bad credit and excessive debt. You develop bad credit when you pay a bill late, miss a payment or never pay at all. Even just carrying excessive debt can damage your credit. You create excessive debt when you borrow more than you can afford to repay.

Poverty is not the absence of goods but rather the over-abundance of desire.

Plato

Quote



Consequences

There are three main dangers associated with big debts and a bad credit rating:

- **Escalating debt**
Just as compound interest works in your favor when you save money, it works against you when you debt. If you only pay the minimum amount due on your monthly credit card bill, you will NEVER repay that debt, especially if your card charges annual fees.
- **Collections agencies**
If you do not pay your debts as agreed, you may have to deal with collections agencies hired by those you owe. These agencies use aggressive and often unpleasant methods to urge you to pay.
- **Loan refusals**
A bad credit history makes it difficult to get a loan for major purchases, such as a car or a home. If you do find a lender, you likely will have to pay a high interest rate.

Fortunately, black marks on your credit do not last forever. Credit reports cover only the most recent seven years.

A Texan Story

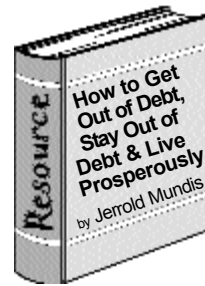
Ciara learned the importance of maintaining good credit the hard way. When buying a car, she could get a special first-time-buyer deal. But then her credit report revealed a missing credit card payment a year before. She'd moved to a new apartment and lost the bill in the transition.

She hadn't missed a payment—or even been late—since. Still, that one mistake disqualified her from the special offer, costing her \$700.

Pitfalls to Avoid

The best way to avoid debt—and possible bad credit—is to spend only what you can afford and stay away from the following pitfalls, which can worsen your debts:

- **Gambling**
Gambling—including playing the lottery and day trading on the stock market—can be fun. If you can't afford it, however, it wastes money. For some people, it also becomes a life-destroying compulsion.
 - **Pawning**
Pawn shops cater to people in financial need. Pawning a possession may give you immediate cash but regaining the object requires you to pay a huge amount of interest. If you must get cash quickly, borrow from friends or family instead.
 - **Using check cashing stores**
Check cashing stores seem convenient but they charge at least one percent of your check. You can often join a bank or credit union that charges no fee.
 - **Emotional spending**
Without realizing it, many people spend money simply to cheer up, calm down or feel a sense of power and control. If you often buy items on impulse, especially items you don't need, you may be an emotional spender.
- You can curb emotional spending by waiting. When you see something you "have to have," wait at least 24 hours before you buy it—especially if it's costly. Urgent impulses to buy are usually emotionally-driven. The more urgent the desire, the longer you should wait.



- **Depriving yourself**
For some people, overspending arises from a sense of deprivation. If you never allow yourself any fun or luxuries (which can be as simple as a few fresh flowers), you may eventually overspend, telling yourself that you "deserve" it, though you can't afford it. You can break the deprivation-overspending cycle by nurturing yourself regularly. Give yourself the occasional treat and you'll be less likely to rebel and overspend. As Terry Savage of oxygen.com says, financial planning is about "self discipline, not self denial."

How Debt Grows

If you don't pay it off immediately, debt grows over time. An example illustrates how easily it can happen.

Imagine that you always pay off your credit card bill each month. One day you pay for desperately-needed car repairs. You don't have the \$500 and you have no idea when you can pay it off. You decide to just let it ride on your credit card until you get a raise.

When you get your next credit card bill, you pay all of it except the \$500. Your bill the following month lists two items you have never seen before. One is the "carry-over" balance of \$500. The other is a \$7.50 "finance fee," showing the interest you owe.

Again, you pay just for your new purchases that month, leaving the \$507.50 untouched. You continue this pattern for the next several months.

By the time a year passes, you owe almost \$600 on a \$500 purchase. Your interest grew from \$7.50 to \$97.80 in just twelve months!*

* Based on annual interest rate of 18%.