

10 Ways to Cope with Financial Upheaval- www.unionprivilege.org

- 1. Pay down debt.**

The more you owe, the more vulnerable you are. To pay off credit cards and other debt faster, consider cutting back on your spending. If you need information to put together a plan, go to www.uniondebthelp.org for tips on digging out of debt, answers to common questions, and repayment calculators.
- 2. Don't sink deeper into a financial hole.**

Swamped with bills? Need a budget? Take advantage of the [Union Plus Credit Counseling program](#). Experienced credit counselors will listen to you and your needs, then help you develop a plan of action you can follow. For a free credit counseling session, budget analysis, and advice to help get your finances on a firmer footing, fill out the [online request form](#) or call the 24-hour toll-free line, 1-877-833-1745.
- 3. Cut your expenses.**

From eating in instead of eating out to slashing what you spend on incidentals, cutting back on spending lets you keep more of what you earn. [Union Plus offers discounts on everything from AT&T wireless service to car repairs to clothing](#) to make it easier.
- 4. Don't fixate on market fluctuations.**

If your goal is to build up a nest egg over time, don't let daily ups and downs panic you into bailing out of the stock market. Most financial advisers say don't cash-in your stocks or make any other drastic changes. You still may have the opportunity to benefit from its historic long-term growth potential. Tip: Instead of constantly checking your investments, look at your balance once a month (or even just once a quarter) to get a clearer view of the big picture.
- 5. Diversify your investments.**

This involves putting together a balanced mix of stocks, bonds, and money market funds or other short-term investments, with the aim of offsetting "downs" in one asset category with "ups" in another — a strategy, while not working right now with all the downs, can help reduce risk and promote growth through good times and bad. To see if your investments are well balanced, [learn more about asset allocation on the Union Plus Retirement site](#).
- 6. Retirees: Be sure you have enough cash for living expenses.**

If you're retired, the stock market decline could hit you hardest. Make sure you have enough cash to cover two or more years of retirement expenses in a safe place, like FDIC-insured bank certificates of deposit or a money market fund.
- 7. Refinance to a fixed-rate mortgage, if you can.**

With a fixed-rate mortgage, you know how much you'll pay every month — no need to worry about interest rates resetting or a balloon payment coming due. (As a union member, you have access to [mortgages](#) through Union Plus.) If you're overwhelmed and in danger of missing mortgage payments, call the [Union Plus Save My Home hotline](#) now at 1-866-490-5361!
- 8. Find out if your savings are fully protected.**

If a bank or federal credit union fails, up to \$250,000 in deposits or shares per owner are protected by the Federal Deposit Insurance Corp. (FDIC) or the National Credit Union Administration (NCUA). Check to make sure your bank is a [Member FDIC](#) or your credit union belongs to [NCUA](#). This newly increased level of insurance covers all of your funds on deposit as of October 3, 2008, and is valid through December 31, 2009.

Protections for investors are different:

*The \$1 net asset value of shares in a **money market fund** is supported by the financial strength of the mutual fund company. As a temporary measure to reassure investors, the U.S. Treasury will guarantee all assets held in eligible money market funds on September 19, 2008. If you're concerned, ask your fund company if it has signed up for the [Treasury plan](#).

* **Mutual funds** and their management are structured as separate companies with fund assets held

by a custodian, according to the Investment Company Institute. This means that even if your mutual fund manager goes out of business, creditors cannot come after the fund's assets.

*If a brokerage firm fails, up to \$500,000 worth of **stocks and bonds** in an investor's account are protected by the [Securities Investor Protection Corporation](#) (SIPC), an industry-funded organization. To make sure your broker is a Member SPIC, check its Web site or ads.

9. **Know who stands behind your life insurance.**

If you have life insurance or an annuity (an insurance contract that pays you income), check the issuer's financial strength on the [A.M. Best website](#). (After registration, the search is free.) Your state's insurance guarantee association offers protection if an insurance company goes out of business. Most state associations cover at least \$300,000 in death benefits and \$100,000 in cash surrender value for life insurance, and \$100,000 in withdrawal and cash value for fixed annuities. Union members can get [accident, hospital and life insurance protection](#) from Union Plus.

10. **Don't raid your retirement accounts** e.g. 401(k)s.

You're probably seeing your retirement accounts dwindling, but for what's left, avoid taking money out unless it's a last resort. If you dip into your retirement accounts too early, you end up giving away a big chunk of your savings to income taxes and early withdrawal penalties. Plus you forever give up the tax-deferred growth on earnings and contributions that could help you in future retirement years.