

Financial Health



Financial health and wellness may seem like an unusual topic for a health and wellness site, but, if you think about it, financial concerns, or “financial un-wellness” can cause;

- Stress;
- Health problems like high blood pressure and [heart disease](#);
- Relationship tension, which can lead to abusive relationships and divorces;
- Family interaction friction and many other issues

Financial health and wellness is a combination of having an understanding of your financial situation and taking care of it in such a way that you are prepared for financial changes. This preparedness means:

- **You have cash available for emergencies**
- **You have a back-up plan** for crises in the event a crisis strikes
- **All your financial information** is organized for your ease of access & understanding
- **You have designated someone** to handle your financial affairs, in case you cannot.

This easy five-step plan will help you create an overall picture of your financial situation, and help you maintain your financial balance.

The five areas essential to financial health: wills, insurance, income/spending, assets/liabilities and organization. These areas are the main components of your financial situation.

Here is your five-point plan for establishing your financial health:

1. Wills: This is a document that tells your family and the legal entities what to do with your possessions at your death. Everyone should have one.

What you need to know:

- Do you have one, where is it?
- What country are you a citizen of?
- What country are you a resident of?
- Is your will recognized in both countries?
- How will discrepancies be handled?
- Is your spouse's citizenry different from yours?
- Does that affect any inheritance or distribution issues?

Knowing the answer to these questions will make your life easier. Country's policies vary dramatically on all of these matters. On the spouse's inheritance, for example, in the United States, if money and property are left to a surviving spouse who is not a US citizen, then the tax bill is higher. This means less money goes directly to the spouse.

What to do:

Consult with an estate planning attorney to understand the intricacies of the law. Find out if and how your country honors wills. Additionally, if you have children, you should have a written legal plan for guardianship. An estate planning lawyer will also establish a power of attorney document in case you are not able to handle your own financial affairs. And arrange for Health Care Proxies also called living wills to regulate extreme situations when there are choices to make regarding life sustaining machinery.

2. Insurance: Is a product that you buy to protect yourself against the large cost of unexpected illness, property damage or death.

What you need to know:

- Do you have the following insurances: Health, Longterm, Liability, Car (if you own a car), Umbrella insurance?
- What company are the policies with?
- When and how much do you pay for these?
- How much of a deductible do these each have?
- Do you have life insurance? - Remember in a family with young children even if one parent stays at home with them, both parents need to be covered by a life insurance policy.
- Who are the beneficiaries? This is important to make sure it is up to date. More than one ex-spouse has been known to benefit from a life insurance policy, simply because someone never got around to changing the beneficiary.

3. Income and Expenses:

What you need to know:

Income: The source of money coming into your home.

- What are your sources of income - salary, investments, real estate, etc?
- How does the money come in - check, payroll deposit, automatic deposit? Into which account?
- Write it all down so that you will always have this information handy. In some cases, there is so much information that you cannot remember it all. With so many transitions, and transfers, you want to have it organized for yourself. And in the process, it will be clear to any loved one you leave behind.

Spending: This is a simple review of where your money goes.

The information you should have centralized is:

- The spending you do on your family - everything from groceries to piano lessons.
- Then you need to have a list of your investments, and real estate. And include what you spend on these to maintain them or add extra monthly balances.
- In addition, be sure to note what automatic withdrawals come out of which accounts and when during the month. This can be like a puzzle to recreate without adequate information.

4. Assets and Liabilities:

What you need to know:

Assets: What do you own? Have one sheet that lists everything you and your spouse own plus note if you own it jointly or alone. Include cars, property, real estate, retirement accounts, investment accounts, and bank accounts. Also note:

- What is it worth?
- How to get in touch with the person who manages your investments, the company where your retirement plan is and the banks where your money is held.

Liabilities: Who do you owe money to? This should include both you and your spouse.

- How much do you owe?
- What are the monthly payments? And when do they stop?
- What is the interest rate?

5. Organization

What you need to do:

- Document all of the above information in one place.
- Other information to include:
 - Where your insurance policies are so that you can find them quickly.
 - How to contact your insurance companies for a claim.
 - If you have one, where and how to get into your safe deposit box.

All of this information should be easy to obtain. Do not have it on a work computer and certainly do not passcode it. Have it in hardcopy preferably. Think low-tech. A three-ring notebook will do. Have two records one for yourself and one for someone else. You do not

have to give it to them now if you are not comfortable. But let them know where they can find it, just in case there is an emergency.

Once you have the gathered, and organized the above five-point plan information, you are well on your way to maintaining financial health. You have lessened the ambiguity that surrounds your finances and gained an insight that will help you for a long time to come. Prevention is the best medicine. Information is the key to maintaining financial balance.

Your financial health does affect the rest of your life. Optimize it; Use it wisely.