



## To Your Wealth: Facing Financial Uncertainty

By Justus Morgan, CFP®

*Published in Racine Journal Times – April 7, 2011*

Over the past month, I've witnessed a tremendous amount of anxiety and divisiveness around Gov. Scott Walker's proposals for state and local governments. While I don't intend to enter the fray of public opinion, I think the one thing everyone can count on is change.

Whether you agree or disagree, there will be a significant number of people impacted by the changes which I think are worth preparing for sooner than later. Whether or not you are one of the affected employees, I think this column may provide some useful tools in your own preparation for handling financial uncertainty.

It's been said many times before, and most people at least acknowledge the importance of, having a "rainy day" fund. But during times of uncertainty, having cash reserves is absolutely critical. An example of why this is even more important now for area school district employees is the change in health care insurance to a high-deductible plan where they are responsible for the first \$4,000 of expenses under the family plan.

In the past, there was a co-pay system which didn't require this amount of cash outlay for benefits. Unless employees set aside sufficient funds to cover the deductible, they may have difficulty paying for medical care. In order to accumulate \$4,000 over the course of a year, a person needs to set aside \$333 per month.

I'd also like to emphasize the importance of focusing on decisions you can control versus worrying about decisions made by someone else. Tom Rath and Jim Harter wrote a book last year that provides wonderful guidance for identifying aspects of your life that you can influence and which affect your overall satisfaction. It is called "Wellbeing: The Five Essential Elements." My colleague, Mike Haubrich, wrote about this book last year after interviewing Harter. I find the message of the book particularly helpful now as a guide to immediate actions each of us can take to improve our well-being as we cope with life's uncertainties. Referring back to the importance of a "rainy day" fund, the guidance from "Wellbeing" would be to set up a savings account that has automatic transfers from either your paycheck or checking account each month so you don't have to think twice about making the transfer. Otherwise, procrastination and other priorities can easily divert the money to other expenses.

While there continues to be a significant amount of uncertainty regarding changes in the future, I urge people not to wait for clarity to start making adjustments now.