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## Appendix: Action Steps

### Money Talk: A Financial Guide For Women

#### Action Steps

Every idea on this list of action steps will not apply to every reader. You may have already taken some steps, and others may not apply to your situation. It is easy to get overwhelmed when looking at such a long list. Don't!

Simply mark those steps that apply to you, check off the ones you've already done, and take action on the others at your own speed. Every action taken is a step toward securing your financial future.

- Complete the *Money Coat of Arms* worksheet (Exercise I-1, page 4) and use it to identify your values.
- List short-, intermediate-, and long-term financial goals with a date and cost for each.
- Start or increase emergency savings to equal 3 months' expenses.
- Take the *Financial Fitness Quiz* (Exercise I-5, page 11) to identify financial strengths and weaknesses.
- Track household income and expenses for a typical month to identify spending patterns.
- Identify specific ways to increase income and/or reduce expenses.
- Use the *Spending Plan Worksheet* (Exercise I-9, page 19) and expense tracking data to prepare a budget.
- Calculate your net worth (assets minus debts) annually to analyze financial progress.
- Contact existing creditors and request concessions, such as a lower interest rate.
- Request a copy of your credit file and correct any errors. Check your credit score.
- Complete the *Credit Card Safety Record* (Exercise I-14, page 30) to summarize credit card account data.
- Calculate your debt-to-income ratio (monthly consumer debt payments/net earnings).
- Set up a simple, user-friendly financial record-keeping system.
- Review existing insurance policies and identify weaknesses, such as low liability limits.
- Identify "big ticket" insurance gaps (e.g., lack of disability and long-term care coverage).
- Complete the *Life Insurance Needs* worksheet (Exercise II-1, page 52) or ask an agent to determine policy needs.
- Read the coverage limits and exclusions of your health insurance policy.

## **Action Steps**

(continued)

- Determine if you receive any disability insurance (DI) through your employer.
- If not, contact an insurance agent for three price quotes for an individual DI policy.
- If you have a DI policy, read the coverage limits and exclusions.
- Read the coverage limits of your auto and homeowner's policies.
- Ask your property/casualty agent for ideas to reduce premiums and improve coverage.
- Get a price quote for umbrella liability coverage from your auto or homeowner's agent.
- Get three price quotes for long-term care coverage and consider buying a policy.
- Identify your risk tolerance with the *What Kind of Investor Are You?* worksheet (Exercise III-2, page 76).
- Review the list of Rung 1 investments (page 78) and select those appropriate for your goals.
- Review the list of Rung 2 investments (page 80) and select those appropriate for your goals.
- Review the list of Rung 3 investments (page 81) and select those appropriate for your goals.
- Review the list of Rung 4 investments (page 82) and select those appropriate for your goals.
- Automate your investments with payroll deductions and/or automated deposits.
- Use the *Comparing Stock Investments* worksheet (Exercise III-4, page 86) to compare equity investments.
- Use the *Comparing Fixed-Income Investments* worksheet (Exercise III-5, page 90) to compare fixed-income securities.
- Determine the type(s) of mutual funds that best match your investment objectives.
- Use the *Comparing Mutual Fund Investments* worksheet (Exercise III-11, page 97) to compare mutual funds.
- Determine your desired investment asset allocation model.
- Use *Your Investment Portfolio* (Exercise IV-2, page 108) to list asset allocation and specific securities that will help you reach your financial objectives.
- Determine the minimum interest rate you need to break even with taxes and inflation.
- Estimate the annual return for each of your investments or for your total portfolio.
- Answer the questions on *How Much Money Will You Need for Retirement?* (Exercise IV-5, page 114).
- Use Table IV-7 (page 117) to determine your full retirement age for Social Security.
- Use the *Estimated Cost of Living* worksheet (Exercise IV-7, page 118) to estimate retirement expenses.

- Use the *Estimating Your Retirement Income* worksheet (Exercise IV-8, page 121) to identify sources of retirement funds.
- Calculate your retirement savings need using the *Ballpark Estimate* worksheet (Exercise IV-9, page 123).
- Use a file folder for each investment to store account purchase and sales records.
- Interview at least three financial services professionals before hiring an advisor.
- Use the *Comparison of Financial Professionals* worksheet (Exercise IV-12, page 134) to compare advisors.
- Complete the *Estate Planning Checklist* (Exercise V-1, page 147) to identify estate planning strengths and gaps.
- Use the *My Estate Inventory* worksheet (Exercise V-2, page 150) to total the value of property in your estate.
- Verify that ownership titles on property do not conflict with terms of your will.
- Contact an attorney to draft a first-time will or review and revise an existing will.
- Review the *My Will Planning/Updating Checklist* worksheet (Exercise V-3, page 154) to identify planning gaps.
- Contact an attorney to draft durable powers of attorney for finances and health care.
- Prepare a living will to express your wishes about prolonging life by artificial means.
- Prepare a letter of instructions to list requests to be carried out upon your death.
- Consider using the annual gift tax exclusion to assist others and reduce your taxable estate.