

Get Ready for Some Tough Times

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Ah yes, tough times, they are coming.

I am sure this does not come as a big surprise to you. Drive down any street and see how many homes have "For Sale" signs stuck in the lawn. This is just one sign of what's coming. I don't think we will see the bottom for another few years. Like I said, tough times are coming and for the most part are already here. With that looming ahead, it is time to make sure you have your finances in order so you can ride out this storm. It is time to take a good, long look at everything and make sure it is working as best as it can.

I would start by reviewing all outstanding loans. Do you have the best interest rate you can get? Not sure? You need to be sure. Get all your information together and start making some calls. You may be pleasantly surprised at what you can do. It may be a good idea to consolidate some of those loans to improve your cash flow. It's all about cash flow. I never hear anyone complaining when they have money left over after everyone has been paid. They only complain when they don't have enough to pay all of their bills and end up with a negative cash flow. Like I said, it all boils down to cash flow. It's time to improve yours.

Do you have a mortgage? Is it at a fixed rate? If not, you should consider changing to a fixed-rate mortgage so you will know what your payments are going to be for years to come. If you don't own a home, keep your eyes open because some real bargains will be on the market in the next year. Values are dropping and the market is flooded. Just be patient.

What about your insurance? Do you have what you need? When was the last time you did a comprehensive review of everything? It's time to get all those policies out and see what is going on. Call your agents and tell them you need a one-page summary, including policy number, company name, what it covers, amount of deductibles, premium amount and mode of premium. It might be a good idea to make sure you are taking a tax deduction for premiums that qualify as a business expense. Ask your agent if they have any suggestions to improve coverage and lower the cost. Make sure you check out increasing the deductibles. That can save you a bundle.

Do you have any money in savings? If you do, it is just rotting there, since banks pay nothing in interest. The same is true with any excess amount in your checking accounts. Time to move it to a money-market account - and not one at your bank. Every mutual fund has a money market, so do some shopping before you move anything. While you are checking things at your bank, see what else they are charging you for and if you can get a better deal elsewhere. I am sure that you can. You need to maximize all of your money and minimize all of your fees.

How are your investments doing? The market is going to continue to be very shaky. It might be a good idea to make sure you are in solid investments with a great track record. If not, move your money before you lose it all. Tough times are coming, so be prepared.

Got a retirement plan? Are you happy with it? If not, maybe it is time to see what else is out there. Are you paying more in fees than what you are earning in interest? Like I said, it is time to review

everything and improve cash flow.

Keep your personal and business overhead as low as possible so you can keep your hands on more of your cash. There will be some opportunities to pick up some great buys if you have the cash and can hold onto it without putting a strain on your financial picture. It is time to cull, so you can be lean and mean!

I am not trying to scare you with all of this. I am just trying to make sure you are prepared for what is coming. If you do this, you will be fine and come out of this much better than most. Good luck!

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