

## Smart Future, LLC Newsletter June 2010



Nancy Curtin, CLTC

### Spring Cleaning of Your Finances: Part Two of Two

In the May newsletter I addressed the first four “Financial Spring Cleaning” steps to help my readers get their finances in tip-top shape. In this newsletter I’ll cover the remaining six steps.

**Step Five: Look Carefully at Utility Charges.** Carefully examine your wireless, cable, Internet, gas and electric bills. If you own a house, look at water, sewer and garbage pickup charges. New competitors in the utility sector are emerging, and there are numerous deals available for lower rates on most utilities. After making sure that you have the best possible deals in place, start to analyze your usage in each category. Don’t pay for phone minutes you never use, or cable channels you don’t really need. Small savings here and there add up over time.

**Step Six: Pay off Your Credit Card Debt.** Nothing erodes your financial and emotional life like too much unsecured debt. Make this your priority and put a plan into action today. Analyze what you spent and why. Start by paying off the highest interest rate card first, and then put that money into the second highest card, and so forth. Once you have accomplished this, save the money you were putting towards the debt.

**Step Seven: Make a Succession Plan.** If you have not done a will, living will, and health-care proxy, do it today. You can put together some basic versions by using online tools, but I recommend having a lawyer draw up these documents. Remember you can change them later. Review your life insurance as well. If you can afford it, buy a whole life insurance policy with a guaranteed interest rate and dividends. These rates are higher than any bank is currently paying, and they usually pay you more than the guarantee. You can also borrow from your policy or take money out up to cost basis. If you can’t afford whole life, get a universal life insurance policy to cover taxes and to be sure your heirs are properly taken care of. The key is to have a permanent life insurance policy as opposed to term insurance, which expires after a set period of time.

**Step Eight: Create a Spending Plan You Can Live With.** For one month, write down everything you spend. Make sure you include all expenses. Then cut back where you can. The idea is that you actually stick with this plan. If you find yourself “cheating”, re-allocate and get more realistic about how you spend your money.

**Step Nine: Rebalance your Investments.** Make sure all of your money is not in one market. You could possibly lose it all, or it could be greatly reduced by retirement time. This happens more often than you think. If the market goes down, that money is gone. Just as I recommend setting up various sources of income for yourself, you should also diversify your investments so you don’t lose it all with a down-turn in any one market. Think stocks, bonds, real estate, annuities, whole life insurance—diversify!

**Step Ten: Buy a Long-Term Care Insurance Policy.** No matter how diligent you are with saving and investing, you could end up spending every penny on LTC costs. One year in a nice facility is now averaging \$100,000 per year. Why shoulder that cost when insurance could pay for it? Buy early to lock in low rates, and buy enough coverage.

Follow these simple steps, and please feel free to call me for more information.

Sincerely,  
Nancy Curtin, CLTC

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*"You can be as romantic as you please about love, Hector; but you mustn't be romantic about money."*

Source:

George Bernard Shaw

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