

Resources can help measure financial fitness

We have little debt, but we also have trouble putting money into savings on a regular basis. I feel pretty comfortable with our family finances, but how can I tell if we're really doing OK?

Determining fiscal fitness isn't always easy. But you don't want to wait until you get hit with an unexpected expense or sudden loss of income to find out how fragile your finances really are.

Recently, a study of 2,100 adults by the National Bureau of Economic Research revealed that half of those surveyed would likely not be able to come up with \$2,000 if an unexpected need arose in the next month. That means they'd be stuck if they encountered a major medical expense or car or home repair. For those who make between \$100,000 and \$150,000 a year, nearly one in four said they "certainly" or "probably" would not be able to come up with the money.

Having an adequate emergency fund is not the only measure of financial stability. America Saves, a national campaign to encourage people to reduce debt and build savings, recently listed "Five Signs You Are In Financial Trouble" (<http://bit.ly/finantrouble>), asking:

- Do you use your credit card for basic needs like rent, insurance and food?
- Can you only afford to make minimum payments on your credit cards?
- Do you worry about finding the money to make monthly car payments?
- Do you borrow money to pay off old debts?
- Have you used a home equity loan to



refinance credit card debts, then run up new revolving balances on your cards?

There are plenty of other red flags that you may be financially unstable. Barbara O'Neill, a certified financial planner and family finance specialist with Rutgers Cooperative Extension, lists 34 warning signs in "Danger Signals of Excessive Debt," at <http://bit.ly/debtsignals>. You could be in trouble if you see yourself in five or more of the indicators, such as being chronically late on household bills, being dishonest with your spouse or partner on use of credit cards, or being unsure how much debt you've accumulated (and afraid to add it up).

O'Neill and others at Rutgers have also developed an online Financial Fitness Quiz that you can take to measure your current financial practices. Just go to <http://njae.rutgers.edu/money/ffquiz/> and answer 20 questions about financial management, saving and investing, insurance and estate planning, use of credit, and shopping and spending. The survey, which is part of a research study, also asks for some basic demographic information. When you're done, you receive a financial fitness score and suggestions for improvement based on your responses.

For even more guidance, see the Personal Finance page under the "Family" menu at <http://www.extension.org>. It offers a wealth of information from Extension experts from land-grant universities across the nation.

Family Fundamentals is a monthly column on family issues. It is a service of Ohio State University Extension and the Ohio Agricultural Research and Development Center. Send questions to *Family Fundamentals*, c/o Martha Filipic, 2021 Coffey Road, Columbus, OH 43210-1044, or filipic.3@osu.edu.



THE OHIO STATE UNIVERSITY
OHIO STATE UNIVERSITY
EXTENSION
OHIO AGRICULTURAL RESEARCH
AND DEVELOPMENT CENTER

**For the month of
July 2012**

By Martha Filipic
614-292-9833
filipic.3@osu.edu

Dear Subscriber: This column was reviewed by Kathy Michelich, family and consumer sciences educator with Ohio State University Extension.

**Section of Communications
and Technology
News and Media Relations**
2021 Coffey Road
Columbus, OH 43210-1044
614-292-2011

208 Research Services
Building
1680 Madison Ave.
Wooster, OH 44691-4096
330-263-3780

Ohio State University Extension embraces human diversity and is committed to ensuring that all research and related educational programs are available to clientele on a nondiscriminatory basis without regard to race, color, religion, sex, age, national origin, sexual orientation, gender identity or expression, disability, or veteran status. This statement is in accordance with United States Civil Rights Laws and the USDA. *Keith L. Smith, Ph.D., Associate Vice President for Agricultural Administration and Director, Ohio State University Extension For Deaf and Hard of Hearing, please contact Ohio State University Extension using your preferred communication (e-mail, relay services, or video relay services). Phone 1-800-750-0750 between 8 a.m. and 5 p.m. EST Monday through Friday. Inform the operator to dial 614-292-6181.*