

Different life stages, different financial needs. Whatever your situation, here's what you need to know now.

A Woman's Guide to Managing Money

By Chris Taylor

THE TRADITIONAL LEAVE IT TO BEAVER-STYLE OF MARRIAGE OF the 1950s had the husband in charge of work and the family investments, while the wife headed up the house and the kids. Old habits are hard to shake, and even in 2009, some women still aren't comfortable with taking the reins when it comes to financial issues.

"Many women just let their husbands pay the bills and then take everything for granted," says Harrine Freeman, a credit counselor in Bethesda, Maryland, and author of *How To Get Out of Debt: Get an "A" Credit Rating for Free Using the System I've Used Successfully With Thousands of Clients* (Adept Publishers; \$19.95). "But women have to educate themselves about finances. You never want to find yourself in a terrible financial situation."

Personal finances can be a perplexing subject, never more so than right now. Even Wall Street pros are struggling to figure out what's going on with the financial system. But at the root of our economic troubles is one simple fact: Many Americans are living beyond their means and just can't pay their bills anymore.

That's where you come in. While you can't control Wall Street, you can control your family's finances. You're in charge of what comes in, you determine what goes out, and you say what you invest in and why. In a world gone crazy, your personal decisions matter. "I want women to do what our grandparents and great grandparents used to do," says Marilyn Logan, who describes herself as "The Money Lady" and wrote the book *I Can't Afford To Marry You: A Guide to Understanding the True Cost of Love* (Salo Publishing; \$20). "In those days they truly respected money, and they had the skills to handle it. Now we've lost that ability, and we have to relearn it."

However, there's no one-size-fits-all solution. A single woman just starting out in life has very different money priorities than a married woman with children, who herself has different issues than someone who's divorced or widowed.

In this special three-part series on women and money, **BLACK ENTERPRISE** will tell you what you need to know when it comes to managing your money (Part I), investing (Part II), and preserving your hard-earned wealth (Part III).

To give you a few snapshots of key financial concerns in action—and how you can meet money challenges successfully—we spoke to women at different life stages. It's not always easy to keep your financial house in order. But in a frightening era when the global economy is crumbling all around us, it's more important than ever.



SINGLE WITHOUT CHILDREN: CARLA BUTLER

When you're young and on top of the world, long-term finances might be the very last thing on your mind. You might rack up huge credit card debt. Or you might decide not to contribute to your retirement fund until you're 30—a move that could torpedo your future nest egg.

Just ask Carla Butler, who admits she did many things wrong early in her financial life. The 29-year-old social worker from Tampa, Florida, says she dug herself into a big hole. "With my first taste of independence, the prospect of having a credit card for every store was just too attractive." Consequently, Butler racked up \$10,000 on multiple cards during her college years.

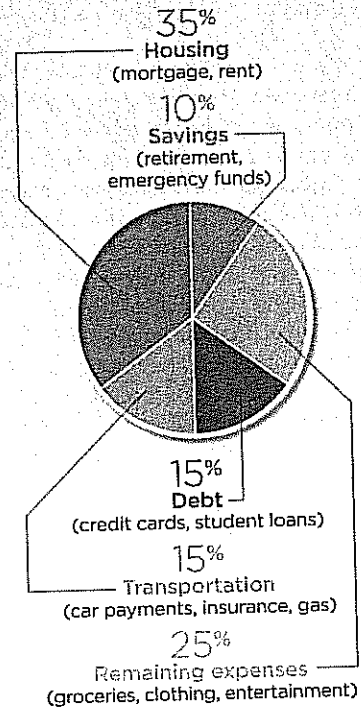
With that hefty sum hanging over her head, Butler realized she was going down the wrong path, and finally hit a wall in early 2007 when she started thinking about buying a home. A mortgage lender pulled her credit reports, and told her she needed some serious financial first aid, or else face high borrowing rates for the rest of her life.

With the help of a financial planner, Butler started overhauling her financial life. She began using only cash to fund her living expenses and perks such as vacations. Butler also disputed some items on her credit report, and started paying all her bills on time. She has boosted her FICO score from 599 to 679 in less than a year.



BUTLER IS ON TRACK FOR A BRIGHT FINANCIAL FUTURE.

CREATING A BUDGET
 Wondering how to make the numbers work every month? Here's a sample budget breakdown by Harrine Freeman.



"Now I've paid off all of my delinquent debt," she says proudly. She has also opened a 403(b) retirement plan at her job, devoting 5% of her pay and reaching \$2,000 so far. Her car is paid off, and she recently closed on a Tampa, Florida, townhome for \$125,000.

So how do you instill good habits early on? Experts suggest paying cash. "Credit cards and debit cards will always get you in trouble," says Michelle Oliver, financial planner and head of the Oliver Financial Group in Richmond, Virginia. "But when you use cash and have to take the money out of your wallet, you'll spend much more wisely. And learn to think on a yearly basis, not a daily basis: If you're buying coffee five times a week at \$5, that's \$100 a month, that's \$1,200 a year. The small things add up."

Start contributing to your company 401(k) or a Roth IRA while you're young, even in small amounts—say 2% to 3%—which you can then boost by a percentage point every year. "Even if you start early and stop altogether, you'll still have more retirement money than if you only start in midlife," says Oliver.

Most of all, set the table for your adult life by learning financial skills early on. When college is over, and you do start to earn more money, you'll be prepared for how and when to spend and invest. "Develop good money-management skills right away, because the decisions you make today will affect your life tomorrow," says Freeman.

ACTION PLAN

■ **Get financially literate.** Knowing the basics of proper budgeting and investing, right off the bat, will prepare you for a lifetime of smart money moves.

■ **Avoid common pitfalls.** Massive credit card and college bills could cripple your financial dreams before you even get started. Don't saddle yourself with debt that's too heavy to bear.

■ **Start saving for retirement early.** Time is on your side, and starting a 401(k) or IRA now could be the difference between a meager retirement, and a comfortable one.

HELPFUL RESOURCES

How To Get Out of Debt: Get an "A" Credit Rating for Free Using the System I've Used Successfully With Thousands of Clients (Adept Publishers; \$19.95): Tips on eliminating debt and repairing credit scores, by credit counselor Harrine Freeman.

www.mymoney.gov: The U.S. government's Website for financial education, teaching the basics about saving, budgeting, and investing.

The True Cost of Happiness: The Real Story Behind Managing Your Money (Wiley; \$24.95): A book by Stacey Tisdale and Paula Boyer Kennedy that profiles people who have successfully managed their money.

SINGLE WITH CHILDREN ANITA DIXON

If you're thinking about messing with Anita Dixon, our advice is: don't. As commander of the United States Army Garrison Fort Jackson in Columbia, South Carolina, Dixon is a cross between mayor, city manager, and all-powerful ruler. She's in charge of a \$110 million budget and supports the 55,000 soldiers who come through every year for basic training.

On top of all those duties, she's also a single mom to daughter Brittni, 19. Conscious of those heavy responsibilities, 45-year-old Dixon has done everything right when it comes to her personal finances. She used a Veterans Affairs loan to help her buy her primary residence—gathering a total of four properties over the years, ranging in price from \$49,500 to \$181,500 (and snapping up three time-shares, as well). She recently sold one for \$110,000, more than doubling her original investment, to help her daughter pay for tuition at Stanford University. In addition, Dixon has been committed to putting money away in an IRA and a Thrift Savings Plan.

The military isn't exactly the road to riches, but it has helped Dixon control costs. For daily necessities, she shops at the military grocery and department stores, with their rock-bottom prices (and where all shopping is tax-free). She enjoys free medical and dental care, uses the base's gyms, and buys her gas on the base. As a result, she's been able to build up an emergency savings account of \$9,000.

That kind of financial discipline is what the rest of America could use, says Freeman. "We all have instant gratification syndrome. We want everything, and we want it right now. But you have to plan out your spending, and if you don't have the money, then you can't buy the item. Don't eat out, use public transportation, and buy only on sale or in bulk. It all adds up."

Another issue that becomes critical when children enter the picture is life insurance. "It's a must," says Oliver, who herself has both term and universal-life policies. "And it's best to get it while you're healthy and young, because the older you get and the more health issues that arise, the more your monthly premiums will go up." Dixon, for instance, maxes out the Army's options for life insurance with a \$400,000 policy.

No matter what the circumstances were that led to your raising a child alone, focus on today's solutions instead of getting mired in the past. "Even though it may seem wrong and unfair that you're on your own, try not to fixate on how your ex caused all your problems," says Ginita Wall, co-founder of the financial resource Website www.wife.org and co-author of *It's*



DIXON IS COMMITTED TO LIVING BELOW HER MEANS.

ACTION PLAN

■ **Get life insurance.** Term-life policies are inexpensive and will let you sleep at night, knowing your child will be taken care of in the event of your passing. Consider a term policy worth five to 10 times your annual salary, and compare quotes online.

■ **Build an emergency savings account.** Anything could happen at any time, including medical emergencies or job loss. Have a cash stash of three to six months' salary to help you through.

■ **Control expenses.** Disciplined spending will help you divert your resources to critical issues such as retirement and college savings.

HELPFUL RESOURCES

www.singlemom.com: A general help Website for single parents, with a special section on finances.

Smart Women Finish Rich: 9 Steps to Achieving Financial Security and Funding Your Dreams (Broadway; \$14.95): David Bach's common-sense guide for getting on the right financial path.

www.wiseupwomen.org: A Website developed by the U.S. Department of Labor's Women's Bureau for women who want to learn more about managing finances.

More Than Money—It's Your Life!: The New Money Club for Women (Wiley; \$24.95). Dixon has done just that. "Often I didn't get child support over the years, and when I did it was limited," she says. "But as a single mom, you learn to survive." ▶