



Enterprising Rural Families™

This newsletter is an instrument of the *Enterprising Rural Families: Making It Work* program of the University of Wyoming Cooperative Extension Service. For further information concerning the Enterprising Rural Families program or on-line course contact information@eRuralFamilies.org or go to <http://eRuralFamilies.org/>.

TIP OF THE MONTH:

EMPOWERING YOUR MANAGEMENT TEAM

Empowerment takes several steps:

- Allow team members to participate in making decisions they will have to implement.
- Involve the team in setting their own goals. Goals without participation only become orders.
- Help team members solve the problems they are capable of solving—don't take over.
- Listen more than talk. That means asking questions and doing *active* listening—listening for the meaning and emotion.
- Regularly seek others' ideas, opinions, and reactions without reacting or punishing them for what they say.
- Support the decisions your team members make—don't undermine them.
- Give the team regular opportunities to assess itself and its progress.
- Become proficient in giving genuine positive reinforcement to the team.

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PERSONAL FINANCE CHECKLIST FOR YOUNG AGRICULTURALISTS

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Once in a while it's a good idea to assess your personal financial situation. And if you're a younger member of an enterprising rural family, there are lots of things to think about and work on as part of your financial planning.

The idea of a list like this is to promote thinking seriously about how to get your financial house in order. Apart from identifying strengths, it can help uncover areas to work on as you build your financial security. Consider this as a checklist of items to cover as you set yourself up for future financial success.

✓ **Do you check your credit report once a year?** Doing so will alert you to possible errors that could negatively affect your credit rating or potential identity theft activity, such as unauthorized credit card applications. A check of each report from the three major credit reporting agencies can be done at www.annualcreditreport.com.

✓ **Do you have a written family budget?** If not, developing a spending plan will give you knowledge about where your finances go, and direct them to the places of highest use.

✓ **Do you have written financial goals, with timelines?** Goals help us accomplish our vision by breaking it down in to doable components. Setting deadlines helps make sure that we stay on track.

✓ **Do you know if you're making progress on your financial goals?** The single most useful number to track to see if you are increasing your personal equity over time is your net worth. A net worth statement measures our wealth (all you own less all you owe) at a single point. Preparing one at tax time is a convenient time to do this because you are thinking financially anyway.

✓ **Are you saving at least 10 percent of your income?** It's a habit to get into, like tracking your expenses and budgeting for the future.

✓ **Do you have an emergency fund?** A cash reserve of about three months salary will help smooth income fluctuations and provide protection.

✓ **Are you contributing to your employers' 401(k) retirement plan?** If your employer offers a retirement benefit, be sure to take advantage of it. Employers match part of your 401(k) contributions, so



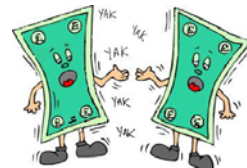
- ✓ **Have you set up and started contributing to a individual retirement fund, like through either a traditional or Roth IRA?**
- ✓ **Do you have health insurance?** Even young adults get seriously ill or injured, and the debts could ruin your financial health for years, even decades, to come.
- ✓ **Have you considered life insurance?** Life insurance is useful for those financially dependent on you – a spouse, kids, a sibling, parents.
- ✓ **Do you have insurance to cover other large expenses**, including renters or home owners, among the many types of insurance available?
- ✓ **Are you protected against disability?** Possible tools include revocable living trusts, disability insurance, and Social Security's disability coverage.
- ✓ **Have you paid SE taxes enough quarters to qualify?** Self-employment tax (SE tax) is a Social Security and Medicare tax primarily for individuals who work for themselves. It is similar to the Social Security and Medicare taxes withheld from the pay of most wage earners.
- ✓ **Do you have a will?** A will ensures that your possessions and financial assets go where you want them to go if you die unexpectedly young. It also provides for the care and guardianship of your young children.
- ✓ **Have you prepared advance directives?** Advance directives are legal mechanisms that allow somebody to act on your behalf if you are unable to do so. These cover important quality of life issues.
 - *durable power of attorney*: designates someone of your choosing to take care of your finances in the event you cannot.
 - *health care power of attorney*: designates someone of your choosing to take care of your health care decisions in the event you cannot.
 - *living will*: ensures that you get the medical treatment that you want if you're terminally ill or in a permanent coma.
- ✓ **Do you have an important papers file?** Organizing your personal finance and other important paperwork into a file with appropriate folders will make the information accessible for your own recordkeeping as well as if something happens and another person must manage your finances or settle your estate.
- ✓ **Do others know where your important financial documents are? And who your advisors are?** If another person had to step in and manage your affairs or property for a time, would they know who to contact and where things are?
- ✓ **Have you estimated how much money you need to retire comfortably?** Calculators are available at www.choosetosave.org/ballpark/ and www.ces.purdue.edu/farmretirement/.
- ✓ **Have you estimated how much money will be needed for your children's college and how much must be set aside each year?** Possible tools include 529 plans, US Savings Bonds, etc.
- ✓ **Are your investments diversified?** Relying on only one type of investment, such as agricultural land or stocks in one sector (such as energy) doesn't protect against risk.



Files may be kept in a desk or cabinet drawer, one drawer in a filing cabinet, a desktop organizer, accordion filing envelope, or even a plastic or heavy cardboard box.

- ✓ **Do you know what form your investment in the farm/ranch will take?** If farming with others, are the expectations for ownership clear?
- ✓ **Are plans in place for the transfer of management and ownership of farm/ranch assets in a multi-generation operation?** Is there a timeline for the transfer? Is this plan well communicated among family members and stakeholders? Is the plan written down?
- ✓ **Are you continuing to invest in your education?** Even if you've finished school, studying and training throughout your career is the best financial investment you can make.

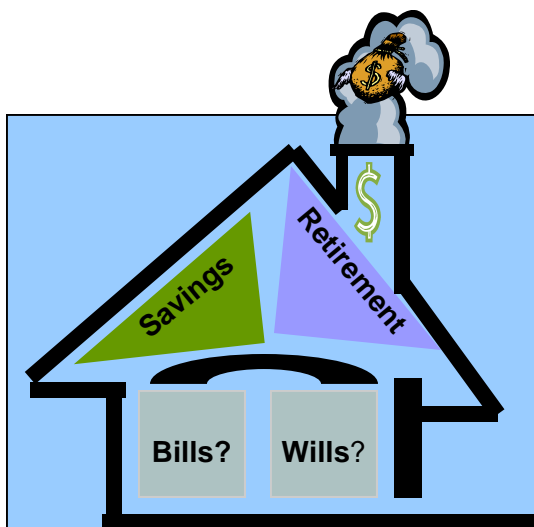
✓ **Do you talk over your finances with your spouse?** Financial conflicts - not low income - are a major cause of divorce. Be honest about your personal finances (your debts). Talk about how you view money (are you a spender or saver), your financial aspirations, how household money will be managed, and how assets should be titled.



✓ **Have you paid off credit card debts?** Debt is an albatross that stymies other financial moves. If you have high-interest debt through credit cards, auto loans, education loans or some other loan, pay it off as quickly as you can - you surely have a better use for your money than paying interest. And with credit cards, pay more than the minimum, or better yet, pay your card off each month. This establishes good credit for major purchases such as autos, homes and other property.

Final Thought

What would you add to or subtract from this list? There are many things to consider, and some will jump out as much higher priority items than others - including some that may not appear on this particular list. You might consider the items here to be ones to get started with as your journey to financial security in later life develops. So the final question is: **What are you going to do next?**



Is Your Financial House in Order? Do You...

- have a budget?
- savings?
- have an emergency fund?
- investments?
- debt management?
- insurance?
- have a will or other directive?



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