



Once you have made your financial goals you will need to create a spending plan, or a step-by-step plan for meeting expenses and financial goals in a given period of time.

Keeping accurate records helps you successfully implement and follow a spending plan. Here are some recordkeeping tips:

- Keep financial records in a safe place or in a safe deposit box.
- Organize your files so it is easy to find important financial information.
- Keep your receipts to show where you money is being spent.

3. Implement Your Plan

When you are ready to put your financial recovery plan into action, you may need assistance to help cover your monthly expenses (e.g., mortgage, rent, food, and utility bills) – **seek assistance**.

- Contact your utility providers and ask about assistance programs, or visit their website for information
- Call 211 or visit www.211.org.
- Look for food banks and national food assistance programs that may operate in your area.
- Contact your local Department of Human Services or Social Services.

4. Evaluate and Adjust Your Plan

Once you have implemented your plan, you will need to evaluate your success to see what adjustments will need to be made.

- When your income and/or expenses change (increase or decrease)
- When you accomplish, adjust, or create a new financial goal
- When you transition to a new life stage (e.g., new job, new living space or car, etc.)
- Before something unexpected happens (e.g., a car accident or natural disaster that destroys your home)

Creating a savings account can help you save money. Here are a few tips to consider when beginning to save:

- Start small and slowly increase the amount of money you save.
- Be respectful of your savings and only use it when necessary (e.g., car breaks down and you need to repair it so you can get to work).
- Make extra monthly payments to yourself once you have paid off a credit card or loan, or when you receive extra income.

Additional Resources:

<https://www.uwtexas.org/> - Financial education and individual counseling

<https://www.dol.gov/general/audience/aud-unemployed> - links to American job centers and other job assistance sites.

www.mymoney.gov - Government website providing education to help manage and grow your money.



4 STEPS TO FINANCIAL RECOVERY



TEXAS OFFICE OF CONSUMER CREDIT COMMISSIONER

4 Steps to Financial Recovery

1. Evaluate Your Current Financial Situation
2. Develop a Financial Recovery Plan
3. Implement Your Plan
4. Evaluate and Adjust Your Plan

If you are experiencing challenges with reduced income, little to no savings, and increasing expenses and debt, you are not alone! There are many others who are in similar situations.

The Financial Recovery Process is a slow and steady one. It can take several years to fully recover financially and repair, or rebuild, your credit. You may need to ask for help along the way. This allows you to accomplish your financial recovery goals faster.

- A reputable financial counselor may be able to negotiate lower interest rates than you can, or you may be able to pay off your debt quicker if you seek assistance through local programs (e.g., rent, mortgage, food, and utility assistance programs).

You should expect to experience an occasional setback during the Financial Recovery Process - when setbacks occur, you may need to re-evaluate and adjust your plan. Try not to let setbacks discourage you or take you off course from your plan. By being prepared for setbacks, you will be able to adjust and recover quicker.

Excerpted from: FDIC Financial Education Curriculum, Financial Recovery

1. Evaluate Your Current Financial Situation

Before you can effectively evaluate your current financial situation, you must first accept your financial situation. You must also accept that you may need to change your financial lifestyle and sacrifice certain items for a period of time in order to meet your goals and recover financially. There is no doubt that changing your financial lifestyle will be challenging, though necessary.

Remember that you are not alone. Many people are embarrassed to share their financial situation with others. You may find that it helps to talk with and learn from others who are, or have been, in a similar situation.

First, assess your current financial situation by examining your income and expenses. You should start tracking your spending and following a budget:

- How much income do I have each month?
- When do I receive that income?
- How do I currently prioritize and spend the money I receive?
- How much am I overspending each month?



2. Develop a Financial Recovery Plan

A financial recovery plan will help you determine strategic ways you can save money, pay bills and reduce or eliminate debt. It is crucial to set financial goals for yourself before you create a spending plan.

Identify your yearly goals and organize them by importance. Then evaluate and reevaluate your progress as you go.

Make sure your financial goals are **SMART**:

- **S**pecific
- **M**easurable
- **A**ttainable or Achievable
- **R**elevant
- **T**ime-bound or time-based

Example: Shelby wants to buy a car within two years. She would like to save \$2,000 for the down payment and closing costs. If she can save \$750 each year, or \$84 each month, she can reach her goal.

But Shelby currently has more expenses than income and cannot save \$84 a month. How might she adjust her goals?

Answer: She may extend her savings timeframe to three or four years, or change her monthly and year goals. She may also look for other ways to increase her income or decrease her expenses.