MANAGING YOUR MONEY

How To Make Your Money Work For You

(NAPSA)—"Don't spend what you don't have!"

Most people have heard that warning, but too many American families now find themselves in debt—credit card debt. Part of the problem may be that food, household and medical expenses have risen more than 11 percent since 2001, while workers' wages have remained essentially flat. As a result, the average American family with at least one credit card owes over $9,000 in credit card debt and will pay more than $800 annually in penalty fees and interest payments.

Getting out of debt is not as hard as many people think. All it takes is adjusting your spending habits and focusing on simple ways to increase your wealth. Vikki L. Pryor, president and CEO of SBLI USA Mutual Life Insurance Company, Inc., offers 10 essential tips to help you manage your wealth and realize your financial potential:

1. Pay your bills on time: Avoid paying your bank extra money in interest charges and late fees by paying your credit card statements in a timely fashion. Mark your calendar and set aside one day of every month to pay your monthly bills.

2. Stick to a payment plan: To eliminate short-term debt—particularly interest or late fees—come up with a sensible payment plan that eliminates this debt over time. Make sure that the plan is realistic and provides you with enough wiggle room so you continue to maintain it.

3. Check your credit reports: No one is going to look after your money except you. Keep

receipts and cross-check them with your monthly bank statements. Check your statement to make sure you are not being overcharged or incurring unnecessary bank fees.

4. Limit applying for new credit: Having multiple credit cards can make it difficult to keep track of spending. Regardless of frequent flyer miles and other incentives that credit card companies might offer, you should limit yourself to no more than two personal credit cards.

5. Create a savings plan: Everyone should have a savings account that is used solely for emergencies—like a legitimate family or medical crisis. You can create a second savings plan for fun—for entertainment, holidays, gifts and travel. Just remember to stick to your budget.

6. Know the 401(k) basics: Find out when you become eligible to participate in your 401(k) from your benefits supervisor and start contributing a percentage of your salary as soon as you can. The earlier you start investing, the more money you will have when you retire. Never cash out your 401(k) plan when switching jobs; be sure to roll it over to maximize your retirement funds.

7. Pick a life insurance plan that fits your personal and financial needs: Buying a life insurance plan is absolutely essential to ensuring the financial stability of your loved ones. Fortunately, life insurance is getting cheaper. Prices have dropped because of increased life expectancy, improvements in technology and a more competitive market. Talk to a life insurance agent to find a plan that's right for you.

8. Fully participate in company benefits: Find out what benefits you are eligible for and how extensive your coverage is. Don't waste money by paying for expenses that can be covered by your company's benefits plan.

9. For retirement, invest wisely: Along with your 401(k), make other investments that will increase your future wealth. An individual retirement account (IRA) has no connection to your employer and provides a backup retirement fund should your corporate 401(k) disappear. Make prudent investments in mutual funds and stocks and bonds. Pay attention to the stock market and find a financial advisor whom you trust to help you invest wisely.

10. Buy an affordable home and pick a mortgage that works: If you are planning to live in one place for more than five years, it is typically a smart investment to buy rather than rent. The house will appreciate and increase your overall equity. Remember that the monthly mortgage payment should be 25 to 33 percent of your monthly take-home pay.