

Financial Health Check-up



Take this short quiz to find out whether you get a clean bill of financial health - or if you require emergency care.

By Diana Shepherd, CDFA™

1) Do you have life insurance?

- a) yes
- b) no
- c) don't know
- d) through my spouse

2) In terms of 401(k)s/IRAs/RRSPs, you:

- a) maximize contributions every year
- b) make sure you contribute something every year
- c) seldom make contributions
- d) wonder what are 401(k)s/IRAs/RRSPs?

3) When dealing with credit cards, you:

- a) pay off the full balance every month
- b) try to pay off the full balance, but at least make the minimum payment
- c) suspect I'm in trouble, but can't live without them
- d) don't have any credit cards

4) Your approach to managing your finances could best be described as:

- a) my spouse always handled the money
- b) I balance my checkbook and put away a little money every month
- c) I have a monthly, yearly, and five-year plan
- d) when I have money, I spend it all (and then some)

5) Do you know where your money goes each month?

- a) yes - down to the penny
- b) yes - give or take \$100
- c) I think so, but I never seem to have as much as I thought I had
- d) it just magically seems to disappear

6) How much of your income do you save and invest for short- and long-term goals?

- a) 25%
- b) 10%
- c) 5%
- d) Nothing: I live from paycheck to paycheck

7) Are you saving for your children's college costs?

- a) yes: I'm right on track
- b) yes, but it isn't going to be enough
- c) no: they will have to pay their own way
- d) I don't have children

8) Do you have an up-to-date inventory of your personal property?

- a) yes: down to the last set of drink coasters
- b) I know what's mine, but it isn't written down anywhere
- c) I haven't gotten around to it yet
- d) What do I need that for?

9) Do you have an up-to-date inventory of your marital property?

- a) yes: and it has all been valued
- b) I know what's mine, my spouse's, and what belongs to our family
- c) I haven't gotten around to it yet
- d) what is marital property?

10) Are you going to be shopping for a mortgage or home loan after your divorce is finalized?

- a) yes
- b) I think so
- c) I don't think so
- d) no

11) With regard to you tax returns, you:

- a) prepare them yourself and file on time every year
- b) review them with the person who prepared them
- c) trust the tax-preparation professional to get everything right
- d) have never filed a return

12) If disaster struck (your house was destroyed, your child needed emergency surgery, or you lost your job), would your family be provided for?

- a) yes: I have insurance policies to cover all these
- b) maybe: I'm not sure what my insurance covers
- c) I would have to ask family and friends for help
- d) no: I don't like to think about bad things happening to me or my family

13) With regard to your marital home, you:

- a) know its current value, including how much is still owed on the mortgage
- b) know its current value, but not how much is still owed on the mortgage

c) trust my spouse to give me my fair share

d) are determined to keep it no matter what

14) Do you know the location and amounts of all of your investments: including savings, stocks and bonds, real estate, art, jewelry, and collections?

a) yes

b) I think so

c) I'm not sure: my spouse took care of these sorts of things

d) I have no idea

15) If either you or your spouse own a business, how much do you know about it?

a) everything: I have a current valuation, including debts and assets

b) quite a bit: I meet with the bookkeeper for quarterly updates

c) very little: my spouse takes care of the business

d) nothing

How to Figure out your FHQ (Financial Health Quotient)

- For each "A" response, give yourself 3 points;
- For each "B" response, give yourself 2 points;
- For each "C", you'll earn 1 point;
- For each "D", you get 0 points - except for #3 and #7, where "D" is worth 3 points.

How Financially Healthy are You?

- 30-45 points: Congratulations! You seem to have things under control, and are planning for a secure financial future.

- 15-30 points: Not bad, but you need to start taking better care of your financial health. Seek help in areas where you know you're weak: from tax planning to budgeting.
- 0-15 points: You need to seek professional advice yesterday! Your financial pro can show you where you are today, and where you'll be tomorrow - helping you to create goals as well as a realistic plan for achieving them.

If you scored low on this quiz, then you must begin managing your cash flow immediately. You also need to set priorities and goals, and start to allocate your resources accordingly. Look at your spending patterns and see if they are in line with your priorities and goals; whenever possible, you should reduce the amount spent on low-priority items to make more funds available for your high-priority goals. A CDFA can help you analyze the short- and long-term impact of your divorce as well as the pros and cons of different settlement proposals, so ask your CDFA to explain the costs and benefits of a particular proposal before you sign it.