Aging Lifestyles: Dollars and sense in changing economic times

by Joe_Volz

The bad news continues to mount: the stock market has dipped below 12,000, the lowest in several years; the employment picture is dismal for the third month in a row; unemployment has risen, not including those who, discouraged by several months of fruitless trying, aren't even applying for a new job.

Older people on a fixed income may be hardest hit. So are those who depend on regular income from savings and investments. A friend has seen his stock holdings go down sharply: he's lost $200,000 on his favorite bank stock. Fortunately he is not dependent on his investments for daily expenses; others are not so lucky. So what's a senior to do?

There's no one easy answer. But, keep in mind that bad economies always turn eventually. How fast and when is an open question at this point.

Some possible guidelines: The 2001 recession lasted some 18 months. The early 1900s devaluation of homes in a falling market recovered gradually over several years. These were painful years but they did end.

Here are some survival suggestions.

1. If you are stuck with an interest-only mortgage that is due to have its monthly payment move upward, don't wait until you have to forfeit monthly payments or the mortgage company forecloses. Instead, contact your mortgage holder to discuss refinancing your loan. Many mortgage banks and companies are being urged by the government to do so. The alternative: seniors may find themselves out on the street, having lost their primary financial investment.

2. If your credit is less than stellar so that you can't refinance your loan, take stringent action. Be creative as you consider possible solutions. What about taking in a roommate until the crisis passes? Or, if your children or other relatives have the wherewithal, go to them with hat in hand and ask for help temporarily. You can negotiate some form of repayment later when your finances are less dreary.

3. Look at your budget carefully to see where you might cut spending. If you don't have a budget, create one. Go online or visit your county area office on aging (look in the phone book for the address). Organizations such as AARP have online tools that can assist in creating a budget (www.aarp.org/housing).

4. Once your budget is in hand, take Draconian steps to cut back. You may be pleasantly surprised at how

much you can save by cutting out Starbucks or eliminating dining out frequently.

5. When dining out, substitute lunch for dinner, it's always cheaper. And forgo expensive restaurants. You won't suffer by eating at a Bob Evans or a diner for a time.

6. Don't plan any trips abroad. This is prudent since in Europe 1 euro is now worth $1.50. Accordingly, trips abroad are fantastically expensive.

7. Schedule daylong trips or short weekend jaunts that you can drive to rather than more distant trips that cost more.

Ask your friends what they are doing. Check local resources. Look in your phone book for addresses and phone numbers for seminars or person-to-person counseling to consider your options. Your library, church, synagogue or other religious center and senior centers are designed to help people in crisis. Your local office on aging is another source. Look in local phone books for their phone numbers and addresses.)

Search your newspaper and magazines for articles on weathering the economic turndown. Remember, though: You don't want to cut all the fun out of life. Maybe, it's time to resurrect bridge or canasta or the other card games you used to play; bring out those long unused croquet games, Scrabble and Monopoly. You'll be surprised how enjoyable these old-fashioned amusements can be.

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