

10 financial planning tips for single people

A story published in the St. Petersburg Times on March 2, 2003, gives ten tips to single people regarding sound financial planning.

The story says that if you're a single adult, it may be even more important for you to give yourself a serious financial wake-up call than it would be for married couples. Whether you're single by choice, divorced, widowed or part of an unmarried couple, the following tips can help you face financial challenges and emergencies.

1. Do a little soul-searching.

Ask yourself tough questions: Are you equipped to weather a bout of unemployment? If you were to become sick or have an accident, who would take care of you, your children, your pets and your finances? Have you determined who could make medical decisions on your behalf or dip into your savings to pay your bills?

2. Face the facts.

Unless you prepare legal directives and sign them, your friends and relatives may not be able to step in and act on your behalf. They also may be too distraught to even begin to know how to help.

3. Consider a living trust.

Like a will, a living trust allows you to specify how you want property distributed after your death, and it lets you appoint a trustee to manage your property during your lifetime if you become incapacitated. It's a good idea to consult an attorney on this.

4. Make decisions about child custody.

If your children are minors, name a guardian for them in your will. If you think the guardian should be someone other than an ex-spouse, make an argument to that effect in your will.

5. Be sure your pets will be cared for.

Don't be embarrassed to make arrangements for pets. You can dedicate money for their care in your living trust. Or you can at least ask someone you trust to care for your pets if necessary, and put your wishes in writing.

6. Have enough insurance?

It's important to have enough health insurance, long-term care insurance and disability insurance.

7. Determine your life insurance needs.

If you have no dependents, there's no need to spend money on a policy. But you must have life insurance if you're a parent. If an ex-spouse is providing child support, make sure he or she has coverage, too.

8. Create an emergency fund.

Calculate how much your salary would cover for three to six months if you lost your job, then save enough to make up the difference. Estimate that unemployment benefits would replace

about half your salary.

9. Explain the situation to your kids.

If you're a suddenly single parent, be honest with your children about your likely need to curb spending. Don't overindulge them, keep them involved in the budgeting process and stay focused on necessities.

10. Plan for retirement.

Even if you're a young single person, you need to start investing for retirement. If your employer offers a tax-sheltered savings plan, such as a 401(k), sign up and contribute all you can. Your company may contribute money to your savings.

