J. Cooke: It is now my pleasure to introduce Pam Felton from the Women's Bureau Seattle office who will introduce our first speaker.

P. Felton Thank you, Jackie, and welcome, everyone. Leanne Kramer is a financial advisor with Bayport Financial Advisers, LLC in Bellingham, Washington. She has been in the financial services industry since 2001 with the goal of helping women to do better with their financial lives. A second-generation woman in the financial services industry, she's co-founder of the Women & Money conference, has written many articles for the Ferndale Record Journal and enjoys offering seminars to women in Whatcom County, Washington. She's in the process of working toward an MBA in Financial Planning and just recently passed the Certified Financial Planner exam. Please join me in welcoming Leanne Kramer.

L. Kramer Thanks for the introduction, Pam. Thank you to everyone who has called in today to get energized about your financial life. I've noticed that not a moment goes by where the media, financial professionals, such as… and the news don't take the opportunity to remind us how important it is to pay off our debt, save as much as possible, and invest in our own futures. But, I have to say what I don't hear is often the “why” we need to do these
things. And it isn't just about saving and investing; it's really about the importance of planning and taking responsibility for our financial future.

You need to reduce your risks and improve your potential for success. Some questions I hear are, “Why do I need to save money?” “Why do I need to put my money in something other than cash?” Or -- this is frequent -- “How do I start now when I'm so far behind?” So, bear with me if you already know this, but I just want to spend a little time talking about the “why” behind all the “shoulds” on finances and investing.

First of all, let's go to the concept you've all been experiencing for the past eight months or more, and they're talking about it a lot today. Inflation, you hear the word bandied about so frequently, but often, people don't take the time to say what it is. Inflation is a main reason we need to save, invest and plan. I know you've probably heard it before, but let's put it into real life.

Have you been grocery shopping lately or filled up your gas tank? I don't know where you are, but I'm in Bellingham, Washington, and right now, it costs me about $2.07 per gallon for regular unleaded. You probably noticed that it costs a heck of a lot more to buy the same amount of food and the same amount of gas than it did six months ago. This is inflation. It means your dollar will purchase less in the future and you will need
more of them to buy the same thing.

In addition to this unfortunate erosion, we have what I call four financial hazards that we need to plan around. The first hazard is having no cash. Many of us have been there and I know it's not fun. Having no money is paralyzing. It's the position of least choice. When you don't have cash, you have very few options. So we need to plan our finances to keep us away from this hazard. I know that when you have no cash, which happens with using credit cards, building up debt and kind of spending without being conscious about it, it just starts a downward spiral. This is something we definitely can plan for.

The second hazard: what if you get sick or injured and you can't work? When you are the sole or major income provider, what will happen if you can't provide that income for your family? This is definitely a situation that can be avoided with planning as well.

Okay. The third hazard -- we all hate talking about it. It's not a fun topic- but we do have to address it: what if, God forbid, you die too young or your partner dies too young? What financial position are your leaving your loved ones in? Will they be able to pay off your debt or the mortgage? Will they be able to take a year to grieve? This is an all too common scenario that needs to be managed. Planning can help you do
Finally, the last hazard we're seeing more and more frequently. If you watch Willard Scott, he's always saying “Hi. Happy birthday” to all these people who are turning age 100 or more. What if you were living too long? My grandmother is 94, and she's always saying her greatest blessing is the ability to be financially independent. She didn't start saving until later in life, but she was diligent, and now she has enough money to always have options. Actually, two years ago at the age of 92 she had a house built for herself. She didn't have to live somewhere with, as she calls it, “some old people.” Believe me, outliving your money is not fun. It puts you back into the first financial hazard of no options.

Now that you have a good understanding of why we need to plan for our future, we must keep ahead of inflation, do the financial plan to reduce the impact of not having any cash, getting sick or injured, dying too young or living too long. Now that we know why we need to do this, let's turn it into action and let's get going.

So, what's the first step? Before deciding where you want to go, you have to know where you are now. We do that with our current financial statement or what's called your net worth statement. This is your starting point. Many of you have probably seen forms that you can fill out. You
can also do this on computer spreadsheets. So on a piece of paper or on your computer, label two columns. You're going to have an asset column and you're going to have a liabilities column. On the asset side, you're going to list what you own. This represents cash and checking accounts, money market accounts, savings accounts. If you have a life insurance policy that offers you a cash value, you're going to want to put that there as well. If you have assets that are invested currently, you're going to make sure that you put that in there, current value. It will also be current value of your retirement account or pension plans.

Now, people who are younger probably won't have a pension plan to put into the form. They're not as common as they used to be. More than likely, you'll have a 401(k) or something that's government-sponsored. You also put your residence--and that means the full value of the current residence that you own--automobiles, personal property and other real estate. At the bottom of this list, you're going to go ahead and combine and you'll have a total number and those are your assets.

I was reading Oprah magazine this month. They have a great section on money. One woman in the country--I can't remember her name--her description of an asset was great, and--excuse my language--“If it’s something that goes on your ass, it's not an asset.”--so if it's something like jeans or clothing. I tend to not put my car. That's a good way to kind
of figure out, “Is this something that's going to be valuable?” “Can I get money from it if I need it?” Those are good questions to ask yourself.

On the liability column, you're going to go ahead and list what you owe, and this includes so many different things or not very much. I’m running into a lot of younger people who have no debt at all, which is great. The liability is going to be your credit card balances, your car loan, your mortgage, your student loans, things like that. So on this column, once again, you're going to add these all up.

So the last step is going to basically be to subtract what you owe from what you own. This is going to be your starting point. This is your net worth. I firmly believe that establishing your current net worth, whether positive or negative, is a huge step, and congratulations for taking it. And that for me kind of picks up the why, and once you know why, it's going to be a great process. I want you to carry this energy into the next process, which is, hopefully, going to be taking into account what your goals are and what you're wanting to accomplish. So thanks again for your time. I look forward to hearing our next speakers.

J. Cooke Thank you, Leanne. Thanks for letting us all know why we need to save and giving us some suggestions on how we do our net worth statement.