Jane Walstedt: And now I'd like to ask Cindy Henning, a Program Analyst in the Women's Bureau Atlanta Regional Office, who works out of Asheville, North Carolina, to introduce our second speaker. Cindy… Cindy? Seems like we've lost Cindy for the time being. She was having a storm in North Carolina and she's going to try to change phones.

I'll just introduce Bedda. Our second speaker is Bedda D'Angelo, President of Fiduciary Solutions Inc. in Durham, North Carolina. Fiduciary Solutions provides comprehensive tax insurance and estate planning services.

With over 25 years of industry experience, Bedda draws on a broad knowledge base in financial planning, investment management and trust administration to develop personalized financial plans for her clients.

Before founding Fiduciary Solutions, Bedda held executive positions in the banking and investment management industries. She has been quoted in Business Week, Newsweek, Forbes, CBS Market Wide, Smart Money, Bloomberg Wealth Manager and the Journal of Financial Planning. Bedda is a member of the Financial Planning Association. Welcome, Bedda.

Bedda D'Angelo: Hi. Nice to be here.

Jane Walstedt: Thank you.

Bedda D'Angelo: The name of this, or the challenge, or the title of this is “Facing Financial Challenges in an Uncertain Economic Environment.” When I started thinking about that, I thought, “Well the thing that's most important for us to look at is
that the economic environment is virtually always uncertain.” So at this point what becomes important in managing your own uncertainty is looking at the things that you have under your control.

Just as a for instance, Bill was talking about unemployment numbers going up. Well unemployment is one of 11 economic indicators of a recession or of a downturn in the business cycle. And if you think back, we're in - we're at the bottom of one business cycle. But all of this hard times, unemployment, it's really just part of a cyclical process. It goes down, then it goes up.

And at this time whenever the economy is doing well, jobs are plentiful, and when the economy slows down, companies cut their costs by cutting jobs. And at that point that the company decides to cut people, well then people have to start cutting their expenses.

The other macroeconomic reality is something that economists refer to as creative destruction. Creative destruction means that when jobs are being eliminated, such as old line manufacturing jobs being sent to China and India, that new jobs are being created.

Now if you're in an old like manufacturing job and you become unemployed, that's very painful. On the other hand, if you are in a brand new IT job, then there's plenty of demand for your services regardless of what's going on in the rest of the economy.

So creative destruction represents opportunity, even though it presents a constant challenge of maintaining and updating your skill set; however, in agrarian societies like if you were an Aborigine, you would be still hunting and gathering your food.
In complex societies, financial security requires that we stay ahead of the curve by constantly updating our skill set and developing skills that somebody's willing to pay for, things known as marketable skills.

My favorite example of someone who turned housework into a billion-dollar company is Martha Stewart. Who knew that being a gourmet cook and a housewife could develop into a billion-dollar company?

Another challenge for women is balancing work and family. Working mothers spend on average 26 hours a week parenting their children, which by the way stay-at-home mothers spend an average of 30 hours a week. So if you're a mom and you sometimes feel guilty about not spending enough time with your children, get over it, because you're only spending four hours less than women who stay home.

In two-income families, the female spouse still performs 86% of the work required to run a household, and that would be the cleaning, the cooking, the child care, picking up the dry cleaning, all of those kinds of things. So right away you're working two fulltime jobs.

The other issue for women is unequal pay for equal work. Even today women still make an average of 76 cents for every dollar that a man makes for similar work. To impact that even further, gender-based caregiving responsibilities usually fall to women. Women are more likely to take time out of the workforce, which means that when a downturn does occur, women are the ones with the least tenure.

So the reality check here is that economic uncertainty is a fact of life, and the only way to deal with it is to come up with a long-term plan that actually allows you to weather the financial Katrina that's going to occur during
economic downturns. And that happens about every eight years. About once every decade there's a period that gets really tough.

The good news right now in today's economy is that so far, even though there's been some weakness in the economy, technically the economy is still not in recession, and there are even some indications that the recession may be avoided altogether, not that it's going to be comfortable. But it's not as bad as say the 2000 downturn, when things started to go sour.

So the first thing is you look at your long-term financial plan. But that's easier said than done. A couple of years ago my daughter called me and said, “Mom, I work, I work, and I work, and every time I get ahead, the car breaks down, I get sick, I need dental work, or my rent goes up.” And I said, “Well, welcome to my world. Now you know what being a grown up means.”

The reality here is that there's going to be downturns. You need to have a practical plan in place. And rather than talking about how to, I thought I would give some examples of different women I know and some of the things that they did.

One woman in the last downturn was laid off from a law office. So she started doing some contract work as a private investigator. And her other issue was that she had two children she wanted to stay home with and spend some time with before they grew up.

In her case, next thing she knew when I met her, she was making $200,000 a year, and she just did it, just…the money just kept coming in, and now she has her own business. So in her case, we set up a company so that she could, so that she could at least have her own business structure and have an income that she could take out of, which I think Michael is going to talk about more about how that's done.
Another woman, single parent mom, had house cleaning...she had two businesses, contract work--house cleaning and she did massage therapy. In her case too we set up a business for her, so that she was able to actually provide her own benefits, including health care.

Now those are examples of women who are...they're younger. They are women who just got tired of the ups and downs of each economic downturn and they took control of their own life by starting their own company.

Another one of my clients is a senior executive for an international firm. Her salary is $1 million a year. She was not always that highly paid. She was a single parent mom. She did get out and she worked for this company, worked herself to the...up to the top. And in her case, she certainly has built her nest egg, because now she has the assets. And that's the key.

In all of these cases, I've given examples of women who started with nothing, did have fluctuations, did have layoffs. And the one who makes a million dollars, she started out in banking and figured out that she did not like financial accounting and analysis, so she went into IT, and now she's an IT executive.

And even in my own case, I was a single parent mom before they had support guidelines. Started as a broker. Became an executive trust officer in a small bank. Then a large bank. And then I just got tired of working my heart out to build a company for other people and decided to start my own company, which I did in 1999, and then I sold the company for a million dollars in 2005. The point is that you can either take control of your own destiny in the long term or you can wait for life to come along.
Now, enough about long-term financial security. That's the long-range plan to focus on coming up with a way where you can have financial security for yourself. But if you were recently laid off and you believe that - or you believe that layoff is going to happen - that you're going to be laid off very soon, then we need to talk about how to survive this downturn. And once this downturn is over, you can start working out your long-term plan.

So let's talk about basic points of what do you do for short-term survival. And these are concepts. There's a lot of data out there that you can do with checklists and resources. But let's talk about the basic concepts--practical what do you do?

The first thing is preserve what you've already built to the extent possible. When you're unemployed, it's really easy to start taking all your assets and just spending them as it comes.

So the first thing you need to do if you're unemployed--recently unemployed--or even if you think you might be or even if you've never done it before, either do it on Excel, Quicken or just take a simple piece of paper, and on the left side list everything you own, and on the right side list everything you owe.

Then you take both columns and subtract what you owe from what you own. This is going to tell you exactly what your worth is right now. And that's going to tell you what you have to work with to survive this period.

The next piece of it if you're in the short term, you're going to have a problem with cash coming in. You need to increase your cash flow. So on the next piece of paper you're going to list everything you have coming in--your sources of income. It could be interest income. It could be…some people have trust funds, alimony, child support, or maybe you're getting a severance package.
Just list all the income that you have coming in on the left, and then on the right side of the page, everything that you expect to have to pay out. Now total both of those columns, and then you subtract. So this lets you know how much money you need to have [in] cash coming in during this period.

And that second thing--we call it in the trade an income statement--but look at that. Review everything you have coming in, you know, and at this point if you haven't applied for unemployment and you qualify, do. If you have bonuses coming in, make sure that that's in there.

Review everything then that you have going out and decide what you can cut for the short term. Most people where I find that they have excess is they can stop dining out, for instance. Or if they have a weekly manicure, they can extend it, have it every two weeks. Or groceries. There's all kinds of things that you can do in discretionary parts of your budget. A lot of people also are paying a lot more than they need to for the cable TV, Internet services, cell phones.

Then when you look at it all and you say, “Well, I don't know how long I'm going to be unemployed, but I need to have some money coming in,” you can make a decision. Maybe, depending upon what state you live in, unemployment is not really a huge amount.

You might want to consider applying to temporary agencies just to temporarily increase your cash flow, but it also gives you an overview of different companies to see where you might be a good fit for your next job.

Again, apply for unemployment if you're eligible. If you do have an emergency fund already, figure out how long you can make it last to meet your minimum monthly commitments.
And if you don't have one and you believe layoff is imminent, is around the corner, cut back now. Do exactly the same thing before you get laid off, but then take money right now and stash it before you get laid off. Because at the very worst, you're going to be building an emergency fund quickly.

The next piece is looking back at what you own versus what you owe. Instead of liquidating assets, a lot of people start selling their mutual funds, they start liquidating their CDs, their savings, their stocks, you know. Maybe they purchased stocks in their company.

Instead of liquidating, you might consider using your assets as collateral for a loan to get you through the next couple of months. For instance, if you have a home, home equity line of credit. If you own stock, you can actually go to a bank and use it as collateral for a bank loan.

If you own a life insurance policy, you may have enough equity to borrow against the policy, or if you do own life insurance, at the very least, you should have enough equity to have the policy pay the premium so that you can keep it in force while you're unemployed. That at least will cut out an outflow.

You may be able to borrow against your 401(k). Bottom line, though, if possible, avoid running up credit card debt, because when it's over, when this period is over, it's only going to get you deeper in the hole.

Now financially surviving, the first thing that happens is if you're not going to work, it's very common for people to have all kinds of emotional depression, that kind of thing, around not working, not having the money coming in. Surely when you don't have enough money coming in, it's very tempting to
take it personally. That's why at the very beginning of this I said it's not you, it's the market.

So the key is to distract yourself from those feelings, hit the ground running and start looking for your next job immediately. Don't procrastinate. Don't take time to clean out your file cabinets. Just immediately hit the ground running looking for your next job.

Make sure that you deal with your health insurance. You do have to look at that. Retirement plan - usually you don't have to do anything with it right away once you've been laid off. And again, I would also suggest that as much as possible, stay away from liquidating your investments. But do come up with a spending plan.

So, let's just say that you are not unemployed, but let’s just say that you don't think that the job you're in right now is one that you want forever. Okay. So you can start looking for work and you can start now. Reassess your…if you have the luxury of being employed, reassess your career and business opportunities.

One of the classics that people use to find out what you're really suited for or what you would really like is a book called *What Color Is Your Parachute?* *What Color Is Your Parachute?* helps you identify what you like and what you're good at. The other piece of that is what Bill already talked about, and that's what's available in the marketplace.

And another resource that you might look at that I don't think has been mentioned is a non-profit organization in New York called Catalyst for Women, which gives a number of resources for women ([http://www.catalyst.org/](http://www.catalyst.org/)). I think in 10 minutes I can't do justice to all things
you can do, but I hope this has given you a conceptual overview of where to start.

And if you have any specific questions, I'll be happy to answer them during the Q&A.

Jane Walstedt: Bedda, thank you very much for those very practical suggestions.