

Building Your Financial Fortress

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A fortress. That word conjures thoughts of a castle, knights in shining armor, and horses galloping to either conquer or defend the fortress. Or maybe your imagination goes to military campaigns and the forts built to hold ground and provide security for troops. Regardless, the image is an imposing one, and the feeling is of safety, longevity, and strength.



Building your financial fortress is all about creating that feeling of safety, security, and refuge against the trials and tribulations that life can bring. It is not about pursuing the material, the shiny, the things that make up the Insta posts that catch our attention and awaken our little green monster.

Building the fortress is the ability to keep you and your family safe in an uncertain world. It is about addressing and planning for some of the worst things as we ultimately pursue some of the best. The fortress is the foundation upon which to build a solid, stable life.

As we look at the elements of a financial fortress, saving and creating available cash tops the list of providing security in the face of illness, misfortune, and calamities from the mundane flat tire to the more impactful tree falling through the roof. Building up your “emergency savings” is about as exciting as flossing your teeth so let’s reframe that to *adding bricks to the fortress* or even adding soldiers to guard the door. Every dollar that you save and accumulate is another brick in the fortress wall, making it stronger. It is not about *giving up* something; it is about ***gaining security and freedom*** from worry should life throw a curveball.

Regardless of how much you accumulate on the cash side of the house, the fortress needs more protection than our own dollars can provide and that comes in the form of insurance. As you build

your financial fortress, take a long, hard look at your property and casualty (i.e., homeowners and auto) insurance.

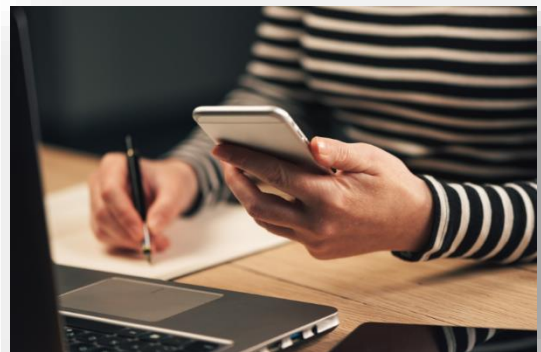
- What is the company?
- What is covered and what is excluded?
- How much are your deductibles? Do you have that saved?
- Is your coverage appropriate and adequate?
- Do you know how to file a claim if you had something happen?
- Have you talked to your agent within the past year or two to update him/her about changes?
- Does the liability coverage at least equal your net worth?

If you have recently graduated from college and moved into a new apartment, have you updated your renter's insurance? That insurance covers your belongings as well as your liability for things like fire or flood in the dwelling. If you live in an apartment, their insurance only covers the apartment itself not you and your things. Consider your coverage limits as you start to acquire more expensive things. You want to make sure the limits would allow you to place everything in the event of a major catastrophe.

Does someone depend on your paycheck for rent, mortgage, or other support? If so, do you have some life insurance for them to replace your income

if the worst happened? Have you thought about how long that person could manage on his or her own given the life insurance you have? When you are young, life insurance is inexpensive, and most people need it for a fairly long time, so it may be time to look at having your own policy beyond what is available at work.

And speaking of the worst, when you start a new job, be sure you have *disability insurance* which replaces your income should you be unable to work due to illness or injury. You'll need both short-term and long-term.



Part of your fortress building should include your "speed dial" list. *Who are you gonna call* (not Ghost-Busters) when something real life crazy happens?

- Speaking of insurance – do you have the company and/or agent's number on hand?
- Roadside Assistance – you may have this service as part of your car insurance. Do you know how to contact them?

- If you own a home, I'd recommend having the name and number of a good plumber at the ready. Water and other plumbing things are absolutely awful and always seem to come up at very inopportune times!
- How about contact info for your roommate's or significant other's family, employer, and best friend? When bad things happen, you need to reach these folks.
- Do you have a tax professional who can help if that IRS notice shows up or you have a more complex tax situation?
- Do you know an attorney who could give you guidance if something came up? There are a lot of specialties within the attorney realm but having at least one person to call can make a huge difference in a difficult situation.
- Who else should be on your "speed dial" list?



Other elements of your fortress must include your ***digital safety and security***. Securing and protecting your identity, credit, and reputation in a digital world are critical. Yes, it is also annoying that we must spend time, energy, and money to keep the cyber-villains out of the fortress, but that's the downside of electronic convenience.

- How do you monitor your credit?
 - Monitoring services can be great but only if you review their alerts and respond if something is amiss.
 - If you don't use a service, make sure you are watching your credit score and pulling your credit report periodically to review activity, report issues, and resolve problems.
- Digital safety is an ever-present issue to keep top-of-mind. The click bait is getting more and more tempting and even though we all do know that we didn't inherit from some long-lost foreign emperor, sometimes you just want to click anyway. In those moments of being tired, distracted, or just not paying attention, put down the mouse, and lock the phone. Viruses and bad links abound. Speaking of, keep that anti-virus software up-to-date and run those scans.
- Freezing your credit is a good way to "slam the door shut" but be sure that you keep all

the “thawing” instructions in a safe place as you’ll need them from time-to-time.

- Speaking of a safe, do you have a small safe to keep your passport, some cash, credit cards that you don’t want to use, and key passwords in? It’s probably worth a few bucks at the office supply store to have one for yourself.
- Personal activity, posts, pictures, and memes are forever in the land of bits and bytes so be sure that you use the “what if this was printed on the front page” test before you post that sarcastic comment, that crazy picture at that recent party, or that perfect comeback to that jerk. Your reputation is at stake.

Personal Financial Capacity is another element of your financial fortress that takes some thought and consideration. Part of your capacity is liquid assets, like cash in checking and savings accounts. Part of your capacity is access to credit in various forms. Having access to credit can be in the form of multiple credit cards which have available credit, a great credit score, and other credit options. This capacity beyond your own resources expands your ability to fight off the dragon at the fortress door. Manage your use of and access to credit so that in trying times, you have it.



I often recommend that those homeowners who have sufficient equity in their homes look at a home equity line of credit. Get it when you can and don’t use it! A home equity line of credit (HELOC) provides more capacity because in down times, it will be hard, if not impossible, to get. Of course, one must consider the cost of securing additional credit as loans and credit cards can have fees.

As you move beyond the basic protections for today, reducing debt will further fortify your fortress. Although having credit capacity is a great thing, *using* that capacity should be undertaken very thoughtfully. Debt is necessary but costly, especially now that interest rates have increased. Use debt wisely and develop a plan to pay off consumer debt quickly. It is always a burden, and the interest you pay adds bricks to someone else’s fortress rather than yours!

Life is always a balance between creating safety and security and living boldly, seizing the moment,

and enjoying life now. As you consider the status of your financial fortress, think about how it would feel to reinforce your fortress and add some additional bricks versus spending on other discretionary items that are here today, gone tomorrow like another meal out or a few more items thrown in the basket at the store. We always have that choice to build up the reserves or spend them down. I've found that I rarely regret having a few more bricks in the wall,

but I've had plenty of regrets about mindlessly tossing them to others.

If you would like to go a bit deeper into the topic of *Building Your Financial Fortress*, join me for a free webinar on May 3rd 12:00 p.m. – 1:00 p.m. ET. Even if you can't attend live, registrants will receive the links to the video and presentation. You can [CLICK HERE](#) to register.

To learn more or get help building your financial fortress, please email me at gildea@homrichberg.com.

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