

10 THINGS YOU CAN DO IMMEDIATELY TO SLASH DEBT AND SPENDING

Any financial planning process begins with a change in financial behavior and expectations. The degree of change varies based on financial priorities, but in the end, it's about adopting new habits and abandoning others.

Before you take any of the following steps, it makes sense to talk to an expert who can help you see your whole financial picture. A CERTIFIED FINANCIAL PLANNER™ professional can examine all your sources of income and expenses and find the most efficient ways to cut expenses, pay off debt and boost the money you have for saving and investing.

In the meantime, here are some ideas:

Refinance if you can: Mortgage rates are still at historically low levels. You'll need at least 10 percent equity (20% of equity will save you the PMI insurance cost) in your home and a credit score exceeding 720 to qualify for the best rates, but start negotiating with your current lender first and see how well you do.

Track your spending for a week: Either on paper or on the computer, write down every dollar you spend in the average week (and cut off credit card use during that week). At the end of that week, start marking out non-essential items just to see how much you could live without. Start with coffee and restaurant or carryout meals and work backward from there.

Make a budget: Once you've established how your income covers the essential expenses you must plan for, and a few inexpensive treats that should stay in, build a budget that includes specific amounts you can allocate toward debt. Keep a running total of your spending going forward, and revisit how that budget is working on a monthly basis until you start to see some positive results, and then you can review the performance of that budget a little less frequently.

Reset your entertainment expectations: Find ways to save money with friends – cook more meals at home or rent a movie instead of going out to see one. Also, get used to checking entertainment listings for free events that interest you.

If you can do it safely, take over home and auto maintenance yourself: The do-it-yourself movement is in a new phase with the economic downturn. For any home or auto maintenance chores you may have during the year, learn as much as you can about those tasks and estimate the cost of materials and your time before doing them yourself. Previous generations made do-it-yourself a necessity. See if that option is right for you and you might save considerable money doing it. Also, for bigger jobs, pair up with friends and family and you can help each other save money.

Set a new gift policy with your adult friends and family: Does everyone on your gift list over the age of 21 really need a present for birthdays and major holidays? Suggest to family and friends to have a gift drawing, a budget limit, a moratorium on gifts, or some other alternative where you trade off gifts for quality time. Even though the holidays are a few months away, it's not too early to think about reining in the traditional holiday overspending.

Go debit: Debit cards wearing a bankcard logo are typically welcome at most stores where credit cards are accepted. This way, you pay cash without carrying cash. If you don't have such a card, you can get one from your bank to replace your traditional ATM card, but remember to tell them to limit your buying power on the card to only what you have in your account. And use the overdraft protection to avoid fees.

Revamp your shopping list: Give this a shot: start a central weekly shopping list on a single piece of paper and add a dollar value for each. Write everything you think you need to buy on that single sheet, from groceries to clothes for the kids. That way, you'll see all your proposed spending in front of you, and you can get a closer look at what your true priorities are. You'll be surprised at all the "essentials" that are not really that essential that you can cross off before you spend.

Talk to your family about spending: When you're talking to kids about budgeting and lowering your expenses, you have to walk a fine line between discipline and fear. But setting money priorities is part of growing up, and it's essential to discuss and agree upon them as a family.

Buy used for yourself: Make someone else's poor luck your good luck. If you need clothing, a car or a new watch to replace the old one that's past fixing, it might be worthwhile to buy second-hand. The best places to find these gems are on the internet on places like craigslist. Plenty of people have unloaded items in relatively good shape to bring in cash during the recent downturn. You might do very well, and if anyone asks, don't call it used; call it "vintage."