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UAW STRIKES CHRYSLER

What workers can do now to protect their finances

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Last month's nationwide strike by UAW workers at General Motors Corp. lasted but two days. At this point, no one knows when we'll see an end to the latest UAW strike at Chrysler LLC. So workers, realistically, need to prepare themselves financially for what could be a longer walkout.

"There's a lot of wishful thinking always. People don't want to prepare for this," said Karen Norman, certified financial planner for Norman Financial Planning in Troy. "They're living their lives and they don't want to prepare for the worst." Even so, financial planners say it's wise to act early whenever there is a strike, a shutdown or a layoff that will mean that less money will be coming through the door.

Here's some pocketbook advice:

Look at all your bills. Find ways to make sure you can pay the ones that you must – utilities, the mortgage, groceries. "What do we absolutely have to pay?" Norman asked.

Prepare to pay at least the minimum monthly payment on your credit cards – and make those payments on time.

If you have more than one credit card, find out the interest rates. Norman suggests that if you can, pay more than the minimum on cards with a higher rate.

Call your credit card companies. Tell them you are on strike and see if you can negotiate a lower rate.

Avoid using credit cards.

Now, it's even more important to balance checkbooks. You do not want to get snagged by costly fees.

Give up what you don't need. It's OK to cancel the cable or cut back on extra phone services, like call waiting. Or if you're regularly contributing to a mutual fund outside of a 401(k) each month – put a halt to that regular savings.

Even if you're in a financial pinch, it's still best to avoid touching money in the 401(k) plan or Individual Retirement Account.

"You want to preserve your retirement income sources," said David Kudla, CEO and Chief Investment Strategist of Mainstay Capital Management in Grand Blanc.

Taking money out of a 401(k) is more costly than many realize. The money is subject to income taxes and a 10% early withdrawal penalty if you are younger than 59 1/2.

If you think you'll have trouble making mortgage payments, act sooner rather than later. Make an appointment with a housing counselor approved by the U.S. Department of Housing and Urban Development. Call 800-569-4287