

Checklist for Assessing Financial Health

THOMAS KRALOW

Checklist for Assessing Financial Health

The key point in planning a financial cushion is assessing your current financial situation.

☐ Assess Your Current Job

1. How stable is your current job?
2. Is the risk of job loss high in your industry?

- If your job is stable;
- The risk of job loss is low;

→ **A 3 month cushion of expenses may be suitable for you.**

- If you work in an unstable industry;
- Frequently change jobs;
- Are already dissatisfied with your current job;

→ **You may need a 6 month cushion of expenses for additional security.**

☐ Assess Your Expenses:

1. What are your fixed monthly expenses?
2. Do you have expenses that you could easily reduce or eliminate if necessary?

- If most of your expenses are mandatory and cannot easily be reduced (e.g., mortgage, children's education);

→ **You may need a larger financial cushion.**

- If you have many expenses that can be reduced (entertainment, travel, additional services);

→ **You can manage with a smaller cushion, as you can easily cut back on your spending during a crisis period.**

☐ Consider your health and family situation:

1. Do you or any family members have health issues that might require additional or unforeseen expenses in the future?
2. How will your financial situation change if significant events occur in your life, such as the birth of a child, pursuing education, or moving?

- Chronic illnesses;
 - Upcoming significant medical expenses;
 - Major life changes, such as the birth of a child or buying a house
- **Indicate the need to increase the size of your financial cushion, to cover unforeseen expenses and ensure stability during the adjustment period to new life circumstances.**

By answering these questions, you will understand the factors to consider when calculating the size of your financial cushion, helping you to maintain your lifestyle, minimize stress and overcome uncertainty in the face of financial shocks.