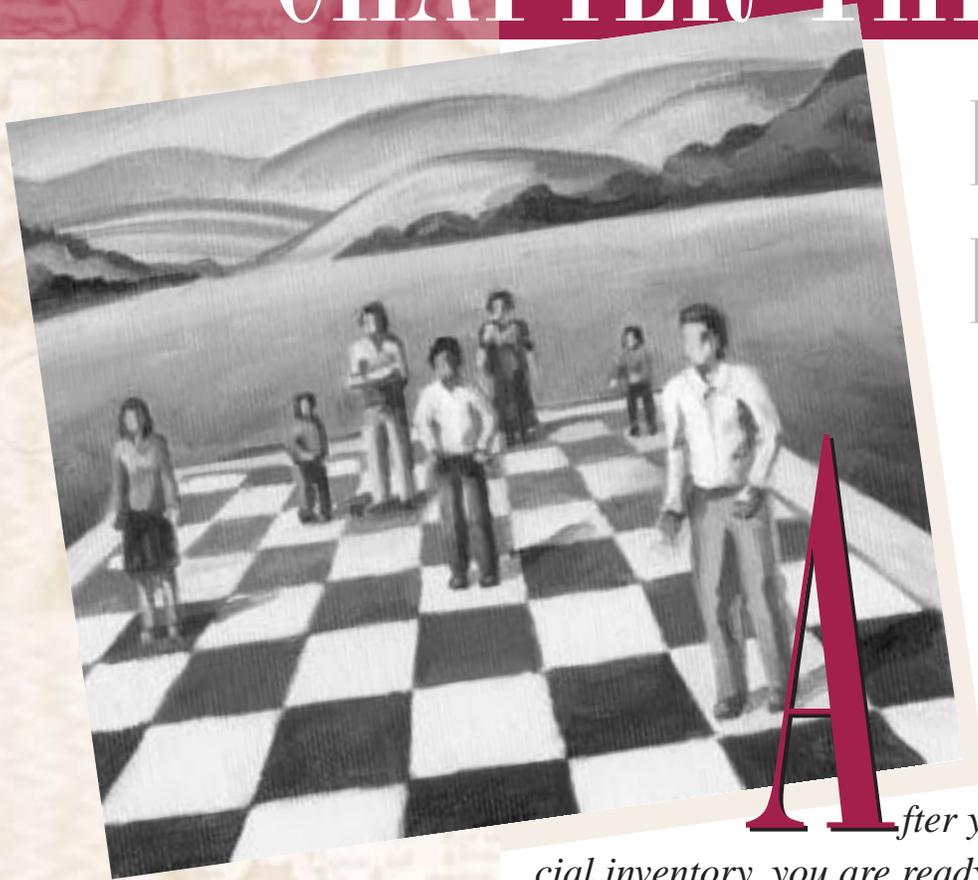


CHAPTER THREE

Developing a Financial Plan



After you complete your financial inventory, you are ready to develop a financial plan. This plan will help make your financial situation even clearer by showing you how much money you bring in, how you spend it, and how much you have left over to pay for your transplant procedure. It also will help you decide if you need additional funding to afford your procedure.

This handbook is meant to provide general financial information; it is not meant to substitute for, or to supersede, professional, legal, or medical advice.

The National Endowment for Financial Education® does not intend to provide any advice regarding treatments discussed in this material. Medical treatments and related health issues should be discussed with a qualified medical professional.

Note: The content areas in this material are believed to be current as of this printing, but, over time, legislative and regulatory changes, as well as new developments, may date this material. For the most current information, please contact the NMDP Office of Patient Advocacy at 1-888-999-6743.

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Keep in mind that you may not be able to work while you are recovering from your medical treatment. Having a financial plan in place will allow you to focus on your healing instead of worrying about money.

Spending plans

A spending plan is a budget. It helps you manage your money and frees you from worrying about unexpected financial events.

Your spending plan helps you know how much money you have coming in each month and how most of the money will be spent. Think of your spending plan as a financial road map while you are recovering from your medical treatment so that you have peace of mind about monthly expenses. A spending plan also can be helpful after you've recovered.



Drew (transplant recipient) and Carlos (donor)





How much money do you need to live on each month? Many of us don't really know. By creating a spending plan, you'll know exactly how much you need. It will show you how to keep track of how much you earn and how much you spend each month. It also will show you spending leaks—those small purchases that really add up over time—and how to plug them.

Using the following monthly income and monthly expenses worksheets, write down all your sources of income and all your anticipated expenses for a month. You might want to make copies of these worksheets to track your income and expenses for several months. If either your income or your expenses change, adjust the amounts on the worksheets.



Michael (donor) and wife, Maureen



Monthly Income Worksheet

Income	Per Month
After-tax wages	\$
Tips or bonuses	\$
Child support	\$
Alimony/maintenance payment	\$
Unemployment compensation	\$
Social Security or Supplemental Security Income	\$
Retirement plan(s)	\$
Private disability insurance payments	\$
Public assistance	\$
Food stamps	\$
Interest/dividends	\$
Other	\$
Total income	\$

Now you know how much you have coming in each month. Next, calculate how much you spend each month. Using the following worksheet, list all your monthly expenses. You may

have extra medical expenses some months, depending on what treatment you are receiving. You may need to revise this worksheet each month to include the additional medical expenses.

Monthly Expenses Worksheet

Expense	Per Month
Rent or mortgage	\$
Heat/air conditioning and electricity	\$
Water/sewer	\$
Telephone/Internet	\$
Cell phone	\$
Groceries	\$
Prescription drugs	\$
Car payments	\$
Car repairs and gas	\$
Other transportation payments (bus fare, taxis, train)	\$
Homeowner's or renter's insurance	\$
Car insurance	\$
Health insurance	\$



Expense	Per Month
Dental insurance	\$
Doctor bills	\$
Dentist bills	\$
Hospital bills	\$
Child care	\$
Loan or credit card payments	\$
Entertainment (eating out, movies, cable, satellite)	\$
Miscellaneous (gifts, classes, vacations)	\$
Savings or IRA contributions	\$
Taxes (other than wage withholding)	\$
Other (pet care, for example)	\$
Total expenses	\$



Now, compare your monthly income with your monthly expenses using the following worksheet:

Compare Income and Expenses Worksheet

Monthly income from the Monthly Income Worksheet	\$ _____
Monthly expenses from the Monthly Expenses Worksheet	\$ _____
Subtract expenses from income and write the amount here	\$ _____

If your spending is more than your income each month, you will end up with debt. The next section provides information to help you manage your debt.

Pre- and post-transplant debt management

If you are in debt, don't get discouraged or feel overwhelmed. Even if you don't usually have a lot of debt, because of your medical treatment, you may have new bills now that are adding to your regular monthly expenses. If you are unable to work while recuperating, you might have less income each month than you did before, too. You can take steps to help manage your expenses and reduce your debt. Taking steps to control your money will help you feel more in control of your life.

Call your creditors (the people to whom you owe money) and explain your situation. Many creditors will understand and will work with you. Your medical expenses, rent or mortgage, utilities, and taxes should be at the top of your bill-paying list. Try to negotiate lower payments with your creditors and stick to the agreements you make with them. You also may have disability waivers for your major loans, such as mortgage or cars, and for credit cards. These disability waivers may provide relief from your monthly loan payments while you are unable to work during your recovery process.



Gloria (donor)

Another way to decrease your spending is to plug your spending leaks. Keep a record of all your expenses for three months. Write down everything you spend, no matter how small, except for your medical bills. Even write down those cups of coffee at the diner and bags of chips at the convenience store. At the end of each month, you can look at your record and see where you spent your money. Do you see certain trends? This information will help you think about areas in which you can lower expenses.

If you need help working out lower payments with creditors, contact a nonprofit consumer credit counseling service. These organizations will help you establish a budget. They also will work with your creditors to come up with a payment plan. Call 1-800-388-2227 or visit the National Foundation for Credit Counseling Web site at www.nfcc.org for more information.

Taxes

You may be able to save money on your income taxes by claiming the medical expense deduction. See IRS Publication 502 for more information on what qualifies for this income deduction. You can order a free copy of the form from the Internal Revenue Service by calling 1-800-829-3676, or you can download a copy from the IRS Web site at www.irs.gov (click on Forms and Publications).

If you file an itemized tax return, you can deduct medical expenses that exceed a certain percentage of your income. Save all bills and receipts for medications, parking fees, gas, and transportation costs for doctor's visits. Keep track of your mileage to and from the doctor's office or hospital, which was deductible at 12 cents per mile in 2002. Even overnight stays in hotels are deductible (up to \$50 per person in 2002), provided the stay is primarily for and essential to medical care. Ask your doctor to write a prescription for medications, wheelchairs, splints, or any special equipment that you might need. When prescribed, these items generally will be tax deductible.

If your car has been adapted for medical reasons, or if you have bought a scooter or a walker, these expenses may be deductible. If you have adapted your house for medical reasons, those costs also may be deductible.

Keep all medical receipts with your records, and discuss them with a financial planner or accountant.