

A stylized illustration of a man in a dark suit and purple tie, walking on a curved wire. The wire is decorated with a series of white dollar bills. The man is holding a long, thin white pole horizontally across the wire. The background is a solid teal color with some white motion lines around the pole. The text 'FROM-FRIENDLY FINANCING' is written in large, light blue, sans-serif capital letters across the middle of the image.

FROM-FRIENDLY FINANCING

ADVICE FROM EXPERTS



BY MARGIE PENSAK

The typical large Orthodox family swims in a sea of expenditures – childcare, private school tuition, housing, insurance, medical expenses, seasonal expenditures, day-to-day living and Shabbos/Yom Tov expenses, on top of the hefty cost of making simchos. No wonder that at times they feel as though they are drowning. Fortunately, there are organizations and private financial advisers around the world ready to throw them a lifeline. Inyan spoke with some of them.

Living Within Your Budget

Josh Hurewitz, a counselor for Mesila Baltimore, remarks, “If you don’t know your numbers, it’s very hard for you to get it right. You just have to know your numbers, know your potential, and live within it. A lot of people don’t even know they are not living within their means. They wake up only late in the game when they are hitting their maximum balance on their fourth credit card and, all of a sudden, they can’t put any more money on it and they are stuck. They can be \$50,000, \$60,000 or \$70,000 in debt, and they have nowhere to go.”

Although Meir Mandell, a financial adviser based in Brooklyn, New York, feels that it is never a good idea to let your credit card balances pile up, if they do, he says, there is something people don’t realize they can do.

“Besides settling with the credit card company, you can call the banks that issue the credit card loans and ask for a cheaper interest rate,” suggests Meir. “Sometimes, if you just ask them, they lower it, even by a few percentage points, so you can pay off your balances faster.”

Mesila Brooklyn’s policy with married couples is to work exclusively with both spouses unless one of them is incapacitated. Even in households where one spouse “runs the finances,” both spouses are involved in running the household and must be involved in the process for it to succeed.

“We never know where the changes are going to come from and who is going to be responsible to make them,” notes Elie Levy, director of Mesila Brooklyn. “They must work together as a team; otherwise, it’s almost impossible for us to help them.”

Josh concurs. “A huge issue is when husband and wife do not agree on how money should be spent and don’t agree on a budget; they have nothing objective to look at. Because of that, it becomes more of a game they play against each other... There is no give and take; everyone is trying to take.”

Meir believes that an “envelope budget” — where you put aside a certain amount of money for expenses like rent, food and clothing, and budget accordingly — works for only 20 percent of people, noting that there are a lot of virtual envelope budget apps available.

“What does work, I find, is looking for ways to actually make more money,” mentions Meir. “For example, if a spouse who has not been working can get a job, even just for half a day. If an individual is working, he could ask for a raise or look for a different job, or try a side business. Look for ways to increase your income, like making sure you are valuable at work so your employer will have a reason to keep you and raise you, or going back to school and getting a degree to make yourself more valuable.”

Meir acknowledges that “nothing is an easy fix, but if you work on making more money, you have a much better chance at solving your problem. Of course, you still have



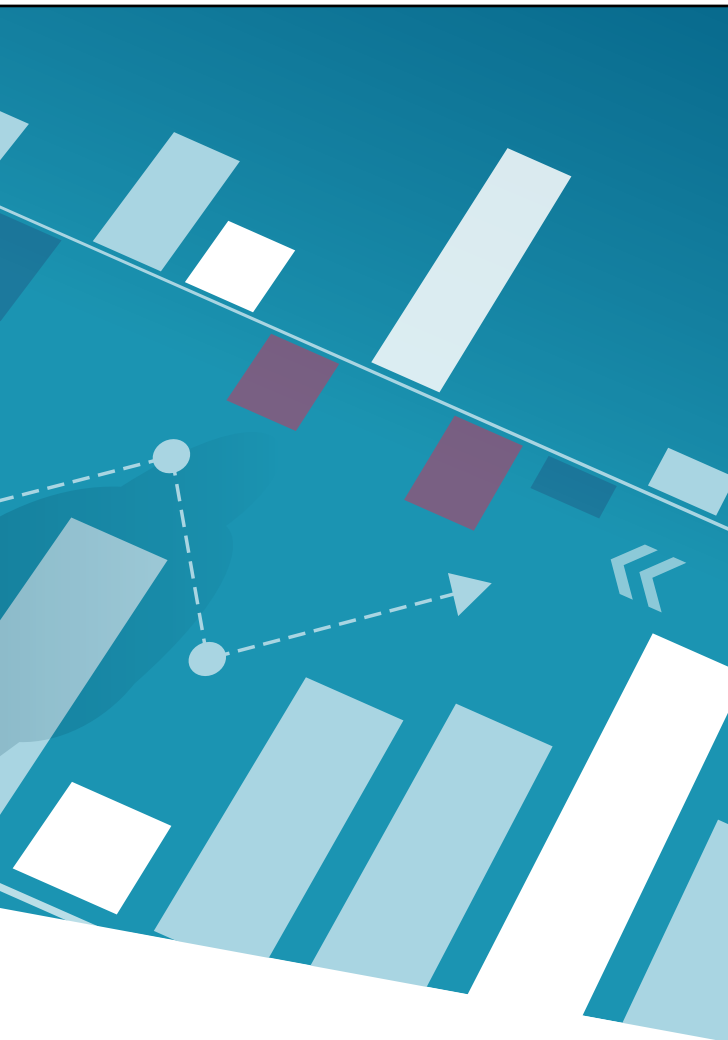
to budget and not spend money on things that are not affordable.”

Adds Meir, “If you write down a goal with a date, rather than just a budget, and you envision yourself reaching that goal and you think you can achieve it — for example, buying a house or a car — that helps with the motivation to try to make more money and spend less.”

Financial guru and *Where What When* columnist Eli Pollock, CPA, has created a practical plan to eliminate waste and unnecessary spending, in answer to his clients’ and readers’ oft-asked query, “Are we spending too much?”

His Ten-Ten (10.10) plan is a summary of advice culled from many financial help books. It has 10 broad financial “Avos” categories and 10 “Toldos” subcategories. The system’s intro specifies 10 subcategories that must become part of your financial belief system for the 10.10 to work, such as retirement savings, shopping, tracking spending/costs and pondering when and how to buy used. The broad categories include everything from utilities and groceries to clothes and car expenses. They connect to a budget that must be created to make sure that you will stay “in the black.”

“By doing the 10.10, waste has been addressed,” says Eli. “Now, you can stop talking and thinking about it — except for a 30- or 45-minute Motzoei Shabbos meeting with your spouse. At that time, you should record the weekly spending and discuss the budget/finances and assess how



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Eli notes just one disclaimer: “There are items on the list that you might just not want to do. If a woman tells me she would have a nervous breakdown if she gave up her cleaning help, I tell her, “Then let’s see if we can budget for it.”

Paycheck Tips

Meir offers this paycheck tip: “For a lot of people, it is better if they have a smaller, correct amount of taxes withheld from their paycheck every month instead of getting a windfall of money from their tax return yearly. This way, they don’t get misled that they have another chunk of money to spend on vacation. Technically, what you are doing is giving the government an interest-free loan by paying more taxes monthly and getting it back at the end of the year with your tax return.”

Esther Althaus, a financial adviser in Melbourne, Australia, offers this suggestion for those who hope to receive a paycheck increase: “Most people try to live within their income — when their salary goes up, suddenly their expenses start to creep up as well. Put every cent of your salary increase into a separate account that you forget about and pretend you don’t have... If you start with something small, it builds, it raises your consciousness, gives you an awareness, and awareness does breed good behavior that starts to snowball.”

Seasonal Help

Through their financial literacy workshops and financial coaching service, Mesila UK encourages people to adopt a proactive attitude about finances while ensuring families stay in control of their money. “All too often, instead of making strategic decisions about how to use their money, people find themselves reacting to the situation in which they find themselves, and that significantly reduces the options available,” explains Rabbi Benji Landau, executive director at Mesila UK.

“For example, many families’ regular monthly disposable income may not cover the increased costs of making Pesach,” continues Rabbi Landau. “A couple who starts thinking, say, only after Purim about how they’ll manage to afford Pesach, will have limited options. Perhaps they could use a credit card or borrow from a family member, neither of which is ideal. Mesila’s approach would be to start thinking about next Pesach as soon as this one finishes! By allocating a small part of one’s income each month from, say, May or June, specifically to be put aside for next Pesach’s costs, one comes into Yom Tov in a state of tranquility and calm.”

In addition to helping his New York clients face financial reality year round, Elie helps them face seasonal expenses such as Pesach and summer.

“The reason these ‘seasonal’ expenses are overwhelming is because we’re acting as if they don’t exist,” believes

Elie. “We can’t look at summer and Yamim Tovim as unexpected expenses. We need to incorporate the annual into our budget. We need a clear picture of everything, of the entire year, and the annual salary has to be enough to cover everything. Once that’s done, you can create a cash-flow plan to help balance yourself throughout the year.”

Eli Pollock concludes: “Many expenses we think are Yom Tov expenses really have no connection to Yom Tov. For example, many people buy clothing for Yom Tov, but they don’t throw those clothes out after Yom Tov. Basically, the clothing you buy during the year just hits you at Pesach time. What we need to do is to have clothing in the budget, so even though we spend



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FINANCES DOWN UNDER

Esther Althaus, a financial adviser in Melbourne, Australia, points out that although some financial issues are the same everywhere, certain ones are unique to her Jewish and *frum* clients “down under.”

“The biggest issue we have here is how far Australia is from the rest of the Jewish world and how that impacts,” explains Esther. “There is a lot of inter-country marriage between Australians and others in different parts of the world, because we have a small community and everyone seems to know one another here. As a result, you tend to have children and grandchildren who live far away that you travel to visit or attend their *simchos*, or that you bring in to attend local ones. This is often responsible for my clients’ cash-flow problems. I have heard that there are even some *shadchanim* who have been explicitly told, ‘Don’t find anyone from Australia for my child!’”

Another financial issue in Melbourne is the high cost of housing within the Jewish community, because of the many young couples who want to remain in the area. “We don’t have the option of satellite suburbs to move to, as you have in the States,” says Esther, who also mentions that Australians are greatly influenced by the “Aussie Dream” mentality of owning their own homes.

“The cost of a Jewish education is another issue, but in Australia, if you can’t afford it, the school may let you pay it out on a payment plan, even years after your child graduates,” says Esther. “They don’t want to deny a Jewish child an education based on affordability. However, this extends pressure on the budget for many more years.”

Australians who send their children to seminaries and yeshivos in Israel face an additional financial challenge, since tuition is charged in U.S. dollars, explains Esther. “The current Australian dollar–U.S. dollar exchange is 1 Australian dollar to about 72 U.S. cents, which means if a program costs \$20,000 USD, we will have to spend \$27,000 Australian dollars to pay that, and that is a bigger percentage relative to income.”

On top of all that, since Australia doesn’t have the numbers to produce solely its own kosher food, much of it is imported. Besides the expensive price of food, there are duties and taxes on imports. The exorbitant cost of food, meat, *hechsherim*, and *mashgichim* places yet another financial strain on the kosher consumer.

those dollars near Pesach, it is really part of an annual expense called ‘Clothing.’ I suggest moving money into a separate account each month that will allow you to have the money to pay for those things that pop up at various times. This would include major repair costs.”

House Poor

According to Josh Hurewitz, “A fundamental issue is that people end up buying a house they really can’t afford and, in general, living a lifestyle they can’t afford. That is actually a very serious problem because they are house poor for the rest of their lives — they can’t afford it, they made a big mistake, and it’s not fixable; they are stuck.”

Meir mentions that the current trend now in New York is to move out of Brooklyn, since the cost of buying homes or renting there is astronomical.

“They are moving to Lakewood, Monsey, Staten Island, upstate New York, New Jersey,” remarks Meir. “People have to decide if they want to keep paying the high rent for the convenience, or move to a more

affordable home and travel farther to their jobs. It’s not an easy decision if you are moving away from your family.”

Meir also says, “People think they have to put down a 20-percent down payment to buy a house. First-time homebuyers can actually buy a house with putting down as little as 3.5 percent with an FHA loan on a 30-year fixed mortgage. A lot of people don’t know this.”

Proactivity Pays Off

Esther Althaus passionately believes that adults should talk to their children about money. Her seminar “Start Money Smart” gives post-high school young adults an opportunity to learn about different financial concepts that will affect them as they transition to adulthood and, hopefully, financial independence. She asks, “If you are not talking to your children about money, where are they learning about money? If they don’t learn about it in a healthy way, you find that people come into a relationship with fear, baggage and attitude about money. We tend to shelter our children a lot.” ■