The XABCDE Initial Assessment for Financial Health
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STAT Financial Health

We all became involved with EMS because of a desire to be of service to others through the craft of emergency medical care. While we are called to care for others through our clinical practice, it is also important we care for ourselves. One component of wellness is financial health. The following is the XABCDE Initial Assessment for Financial Health, which is a tool for you to improve your financial health in an organized and systematic manner.

X – Stop making excuses for not engaging with your financial health. The first step in improving your financial health is to recognize it is an element of life deserving of your attention. Money and finances are very personal and people don’t often talk about it with others. Many people are overwhelmed with how to better manage their finances and avoid seeking help because of a fear that they know less than others. The truth is personal finance is very complex and many wealthy individuals utilize professional assistance. The first step is to recognize you need to become an active participant in improving your financial health.

A – Account(s) organization. It is common to have bank accounts, retirement plans with current and past employers, and debts such as a car loan or mortgage. Organizing your financial life into one clear picture can be very helpful to better keep track of everything. Being organized helps reduce stress because it increases your sense of control over your current situation.

B – Balance sheet creation. Balance sheet creation is the next step following account organization. A balance sheet is a snapshot in time showing your current assets and liabilities (debt). Your assets minus your liabilities is your net worth. Over time you can track how your net worth increases as your assets increase and your liabilities decrease. Just like as clinicians we trend vital signs to determine changes in a patient’s condition, you can trend your net worth over time to see if your financial health is improving.

C – Cash flow. Cash flow is your income minus your expenses. If you have money left over to save or invest after paying you bills you have a positive cash flow. Strategies for improving your cash flow include creating a budget and tracking your spending over time. By maintaining a positive cash flow you will see your assets grow on your personal balance sheet.

D – Debt management. Another important component of financial health is debt management. High interest debt can hold you back from improving your financial health, so it is important to effectively utilize credit and also pay down or eliminate high-interest debt in order to decrease the liabilities on your personal balance sheet. While paying down high interest debt is good, it is important to balance debt management with improving savings.

E – Estate/Exposure planning. Estate and exposure planning is about being prepared for the things you don’t want to have happen. It is about reducing your financial risk with tools such as insurance and legal documents specifying your wishes if you are in a situation in which you
can’t speak for yourself. These are situations we don’t like to think about, but there is a peace of mind from knowing your affairs are in order should unfortunate events occur.

This is a starting point for how to engage with your financial health. If you decide to engage with a professional for further assistance it is important to make sure they are licensed and a fiduciary. A fiduciary is a professional who is legally bound to always provide you with advice which is in your best interest.