

Newsarticle

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PUTTING YOUR FINANCIAL HOUSE IN ORDER

We all regularly have “check ups” in our life ... dental, medical, automobile, etc. to help us monitor progress, find potential problems in advance, fix existing problems, etc. Do you do the same with your personal finances?

One of the more common struggles facing consumers and their money management is the ability to maintain a “financial house of order” – several things come to mind beyond simply being organized and keeping good records (which is definitely part of it). Here are some things that can be explored or more closely examined. The list is designed to serve as a starting point; it is not intended to be exhaustive. Tax time or maybe the dog days of summer or the dark days of winter would be good times to take a “personal inventory” of your situation. A few questions to initiate the process:

ORGANIZATIONAL Question's:

- Do you know where important documents are located?
- Do you have a "system" for maintaining order?
- Do you shred rather than simply throw away old documents?

INSURANCE Question's:

- (LIFE) – Do I need to begin looking into it? Do I need to increase/decrease existing coverage(s)? ...
- (HEALTH, HOME/RENTERS, AUTO, DISABILITY, OTHER) – Are current levels of coverage adequate? Am I over-insured? Do I have coverage that can/should be dropped? Raise/lower deductible(s)? Should I shop around to ensure I still am paying the best price for my coverage/service?

DEBT/CREDIT Question's:

- Do I have a plan to eliminate existing debt? How recently have I looked at that plan? Are there expenses I can cut to aid my plan?
- Am I using a good system to repay my debt in the most efficient manner?
- Am I paying too much interest in credit cards? Is there an opportunity for me to get a better rate? Have I asked?
- Do I have too many cards and should cancel some of them?

- Have I viewed my free credit reports in the past year? (www.annualcreditreport.com or Annual Credit Report Request Service, PO Box 105283, Atlanta, GA 30348-5283)

LOAN Question's:

- Does refinancing any existing loans currently make sense (home, auto ...)?
- Have I consolidated my student loans to lock their rate?
- Should I consolidate my debt? Does it make sense or is it simply a short-term solution to a bigger problem?

SAVINGS/INVESTMENTS Question's:

- Do you have a regular savings plan/ automatic investment?
- Do you have an emergency fund?
- For those with investments – how are your investments performing?
 - o Do you have a financial plan? Short- and Long-term plans?
 - o Are you comfortable with your current allocation?
 - o Are you contributing enough to your 401(k) to receive your company match?
 - o Are you contributing to a Roth IRA?

ESTATE PLANNING Question's:

- Do you have/need a will? How recently have you reviewed or updated it?
- Other considerations – power of attorney, living will, trusts, etc ...

OVERARCHING QUESTIONS TO ASK:

- (1) Where am I financially?
- (2) Where do I want to be financially?
- (3) What do I need to do to get to where I want to be?

When you begin putting your financial house in order be sure to include any appropriate family members or let them know about your changes (if appropriate). Take general advice from friends; but always actually investigate their comments or recommendations. We all have different experiences at different businesses so be sure to check it out.

For more information on Family Financial Education contact your County Extension office.