



JUMP INTO JANUARY

Everyone wants to jump into January and get started on brand new set of New Year's resolutions. With holiday bills arriving in the mail and tax season underway, it's a good idea to make sure those resolutions include taking a fresh look at your financial picture and setting new financial goals and habits for 2009.

Yet for many, the idea of a personal financial review lapses into February before dropping off the calendar entirely. The reason? They don't know where to begin. Here are a few ideas to jumpstart your financial planning:

TALK TO YOUR BANKER—One way to stay committed to "jumping" into a new financial plan is meeting with a personal banker or financial advisor. Just like staying on New Year's diet, a little support and guidance from a "coach" can help you put together a great plan and turn it into a new, effective financial strategy.

SET GOALS—When it comes to achieving financial success, you need to know where you are headed. Write down your financial goals—down payment on a home, college education for the kids, paying off high credit card balances. Add short-term goals such as saving for vacation because early success can encourage you to keep going long term. Some financial institutions offer online tools that allow you to establish savings goals and easily monitor your progress toward reaching them. Be specific about the amount you will need and the target date for reaching each goal, then set up a savings plan that will get you there. It's important to mark key dates on the calendar and track progress with your saving goals.

TAKE STOCK—Add up all your expenses—receipts, checkbook entries and credit card purchases—for at least a month. Again, some financial institutions have online tools to help track your spending. Ask your banker or financial

advisor about the ability to monitor transactions. With many online services, you can download transaction records directly to personal finance software, making it even easier to monitor your costs—no more sifting through shoeboxes stuffed with receipts at tax time. What's more, online services could help you reduce taxes by keeping track of every deductible expense. Make two lists of expenses—essentials such as mortgage, taxes, food and insurance, and non-essentials (or at least more flexible costs) such as entertainment and clothing. You may be surprised at how much you're spending on the non-essentials. After you've taken stock of your expenses, it's important to continue to keep track of your finances. Sign up for online banking and online bill payment services, which allow you to set up automatic payments for recurring expenses.

CUT COSTS—How can you save when you spend every dime to meet expenses? Look again at those costs—you might find considerable savings.

For instance, does your financial services company have a relationship approach to service? In other words, does the company offer you more value and discounts—in time and money—the more business you do with them? Be sure to ask your financial services company about its relationship approach and what you need to do to qualify for relationship benefits that may help reduce or even eliminate fees or to enjoy "perks" like 24-hour customer service and free online services.

Also, talk with your insurer about how you can lower your insurance costs—and shop around for discounts. For example, many insurers offer a discount if they insure your home and your vehicles.

You don't need to live like a miser to trim dollars from your monthly expenses—yet you do need to pay attention to every purchase and avoid impulse buying.

CUT CREDIT CARD DEBT—The most recent statistics show that consumer credit debt in the United States totals nearly \$660 billion, and the average amount of credit card debt per household is about \$8,400. According to the Federal Reserve, more than 40 percent of American families spend more than they earn.

If you have large credit card balances, consider a home equity loan to pay them off. The interest likely will be lower than that of credit cards, and your tax adviser can tell you if the interest qualifies as a tax deduction.

If a home equity loan is not an option, you still can pay down the balances. Pay the minimum on the lowest-interest cards and as much as you can on the higher-interest cards until they're paid off.

START SAVING—Start now, even if it's just a few dollars a week. Ask your financial adviser about 401(k) and other direct-deposit accounts that move money straight to savings or investment funds. This process makes savings much easier, and a 401(k) can cut your tax bill. If your employer matches your 401(k) savings, try to have the maximum deducted each pay period.

BE FLEXIBLE—Treat yourself to small splurges—once in a while—and don't get discouraged if an unexpected expense throws you off budget one month.

Now isn't that worth a few hours of your time in January? **AM**

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