It's Not Too Late to Keep Your New Year's Resolutions, *The Concord Journal*, February 23, 2012
By David Chwalek

Just two months into 2012, many people have already broken their New Year's resolutions. Some of these people will simply give up and figure they can "wait 'til next year" to try again. If getting your financial house in order was one of your resolutions, it's not too late to get moving in the right direction. Write down your objectives and goals, then begin your action plan one step at a time. If you're not sure where to begin, I've listed several items that may be a part of your new and improved financial situation.

Analyze your income and expenses. For most people, the income part is easy. How much money do you have coming in on a weekly or monthly basis? The more challenging part is tracking your spending, but it's essential to have a good understanding of where your money is going. Track everything- from the big bills like your mortgage and car payments to smaller items like school lunches, haircuts and even your "walking around" money. It doesn't matter if you use a fancy online program or a simple spreadsheet or even pen and paper. Review your bank statements and credit card bills to come up with an accurate figure. If you've never done it before, you may have to force yourself to write down every time you spend money. Become accountable to yourself in the same way many people on diets write down every single thing they eat. You may be surprised- or even shocked- at your results. If you're spending more than you make on a consistent basis, look for areas to cut back on. Could you change your cable or cellular phone plan? Could you do a big shopping at a wholesale warehouse once a month? Maybe you'll consider cutting back on dining out. On the other hand, if you are consistently spending below your means, think about bumping up your savings and investments.

Pay yourself first. If you're like most people, you're great at paying your bills on time, but not so good at saving or investing the leftovers. By the time you get around to considering extra savings, the money has all been spent. Try what many financial experts call "paying yourself first." Rather than paying your bills, then saving whatever is left over, make yourself the first bill you pay. If you have a 401(k) plan at work, you may already be doing this. Before you even receive your paycheck, you are setting aside a percentage of your income for your retirement. If you don't have a 401(k) or if you want to do something else, consider setting up an automatic savings or investment plan. Most investment companies offer the ability to accept weekly or monthly deposits via EFT into IRAs or regular investment accounts. Set up a plan that forces you to save or invest a set amount of money on the 1st of each month. It's okay to start small; you can always bump up your contributions later.

Check your social security figures. While social security retirement benefits were never intended to provide for your entire retirement income, they can offer a significant and reliable source of income once you stop working. To find out what you can expect to receive, go to www.ssa.gov and get a customized estimate based on your age and earnings history. If your estimates seem disappointingly low, consider how you will supplement social security with other personal savings and investments. Ask your financial advisor to run different scenarios on your current portfolio and determine whether you need to make adjustments or start saving more.

Give your portfolio a checkup. Most of us go to the doctor for regular checkups even when we have no apparent health issues. This way, doctors can often catch potential risks early and recommend suitable treatment. Unfortunately, most investors don't give their portfolios regular checkups. Many people look to make changes in response to negative- or positive- economic news or events. Often, by the time changes are made, it's too late and investors find that reacting (and overreacting) to market events leaves them in a worse situation than if they had been pro-active. Don't wait until something bad happens or until economists uniformly agree that our economy is improving. Anticipate what could happen and plan accordingly. Of course, there are always completely unforeseen events which affect the market, so consider worst-case scenarios as well.

Refinance your mortgage. If you haven't already done this, it's not too late. Regardless of what the exact interest rates are today, they are still historically low. You may find that you can refinance and save hundreds of dollars a month on your mortgage payments. If your goal is to pay off your mortgage sooner, you can refinance to a lower interest rate but continue paying the same amount you were before. If you are thinking about buying a house, it may be a good time to start looking. Prices are still low and there are plenty of bargains to be had for the savvy homebuyer. I've started to hear from local realtors that they are cautiously optimistic for a better year in the housing market. Start by getting pre-approved for a mortgage then contact a reputable real estate professional to help in your search.

Review your insurance coverage. The mild winter has been a blessing in many ways and has many of us already feeling spring fever. With the great weather we've been having, it's not hard to forget about the potential of storms. Remember the rains we experienced a few years ago and the flooding that hampered so many in the area? If your basement is flooded, how will you be covered? What about ice dams? If you don't know the answers to these questions, talk your insurance agent. If it's been a few years since you reviewed your policies, it's even more imperative that you schedule a checkup. While pricing is always a factor is choosing insurance, it should still take a backseat to making sure you have the right type and amount of coverage for your particular situation. Don't skimp on coverage to save a few bucks.

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