



Five Key Financial Resolutions for 2011

As each new year begins, millions of people vow to get their finances under control. In fact, financial resolutions are only second to losing weight. To help you achieve your financial goals, we developed five financial resolutions you should focus on for 2011.

1. Resolve to Change Your Beliefs, not Just Your Behavior

The biggest reason people fail to achieve their resolutions is they attempt to change their behaviors without changing their beliefs. Drastic changes to your behaviors feels like pain. A diet keeps you from eating sugars and fats (you know, the good stuff). Budgeting stops you from that daily latte, eating out, or vacations. When you are focused on the pain, you eventually quit - unless you change your beliefs first. If your goal is to get out of debt, you need to start each day visualizing what it will feel like to be debt free. See yourself making that last credit card or student loan payment. Tell yourself everyday that you can do this. Once you feel the positives of the resolution, the behavioral change isn't as painful.

2. Resolve to Review Your Finances

When you start a diet or exercise plan, it is essential to visit a doctor first. You need an overview of your health - blood pressure, cholesterol, body fat, etc. The same goes for your finances. What is your net worth? What insurance coverage do you have? How much are you paying in interest charges? This financial overview helps you identify the challenges you

face.

3. Resolve to Set Specific, Measurable, Realistic Goals

After your review, you need to set financial goals. Make sure the goal is specific. Don't say "I want to get out of debt." Instead, identify a specific amount - "I want to pay off \$2,000 of credit card debt." Next, make the goals measurable. What are you going to achieve the first month? How about in six months? You need to set numerous benchmarks over the course of the year to be sure you are on track. Ensure the goals are realistic. If you spent three years getting into debt, you probably aren't going to pay off the debt in three months. Rather, discover what you can cut out of your budget and use that number to build your plan. Finally, be sure to write your goals down in a place you will see them daily. It has been proven that people who write their goals down and review them frequently are more apt to succeed.

4. Resolve to Develop a Plan

Once you identify your goals, you need to develop a plan to achieve them. This is where the behavior changes emerge. What actions do you need to take over the next month, six months, and year to achieve that goal. This is the step where you find the money to pay off the debt or increase your 401(k) contributions. Your plan should ideally contain short, intermediate, and long term goals. For example, you may want to reduce your debt by \$2,000 in 2011. By 2016, you want to pay off all \$10,000 of your credit card debt. Your long range goal is to have \$250,000 in savings by 2020.

5. Resolve to Educate Yourself on Personal Finance

Personal finance is not rocket science. Wall Street wants you to think it is so you just hand them your money. The reality is you can become more than competent with just a 1/2 hour per week. That is one sitcom per week. Turn off "The Biggest Loser" and shed your own financial fat.

A great place to start is signing up for my monthly email newsletter at www.picketfencefinancial.com/newsletter.html. Or, you could visit my

blog at www.swimupstreamtowealth.com where I have lots of information and links to other useful resources.