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Money Do's for the New Year

Buried in holiday credit card bills? Don't know where your paycheck goes? Here's how to make 2007 the year you finally get a handle on your finances

- **Resolve to review.** Sit down with your partner and all your end-of-year statements. Where did the money go in 2006? What needs to change? Exchange written "wish lists" with your husband — what you each want to own, do and have saved, one year from now, five years from now and so on. Then, reconcile your lists ("Honey, I think we need a retirement fund before we buy a monster truck") and agree on the goals you will achieve together.
- **Resolve to make a spending plan (a.k.a. "budget").** Your spending plan can be as simple as scrawled notes in a ledger or in a program as fancy as Quicken 2007 or Microsoft Money 2007. Matt Syverson, certified financial planner, of Overland Park, Kan., prefers a forward-looking Internet program purchased from mvelopes.com (at about \$8 to \$13 a month) because it sets aside money before it is spent, connects all accounts, retrieves all transactions and forces you to confront any dinero deficit. "If your problem is spending, this is a great program," he says.
- **Resolve to know (and improve) your credit score.** You can handle the truth! Go to annualcreditreport.com and follow the prompts to find out what people are saying about you. Scores range from about 350 to 850, and the higher your score, the better. If yours is low, winch it up by paying all bills on time, jettisoning all debt, keeping balances low and disputing any erroneous information the report contains.
- **Resolve to wrench free of credit card debt.** Does this seem overwhelming? It's not. Starting with the cards charging the highest rates of interest, call the customer service department of each one. Offer to guarantee regular payments if they will freeze your current balance. "Now, more than ever, companies are apt to listen," says Kevin Taylor, of H&R Block Financial Advisors outside Kansas City, Kan. Of course, there is a catch — you have to promise not to charge another cent on the card — but that will force you to live within your means.
- **Resolve to beat the "revenueurs."** If you get a tax refund of more than a couple hundred dollars on your taxes each year, you need to adjust the number of deductions you claim. (Why let the government hold onto your money, interest-free?) When you finish your taxes each year, "the perfect play is zero" in dollars owed or paid, says Nate Wenner, a spokesperson for the Financial Planning Association of Minnesota.
- **Resolve to automate.** Automating payments of the mortgage, utilities, credit card debt and contributions to your retirement fund pays in two ways: It makes savings de rigueur and leaves less cash to spend on frivolous things. Make that three or four ways: You're also saving postage money and preventing late fees.
- **Resolve to read!** The fine print of every contract and insurance policy, that is. One in three people admits that they have not reviewed their insurance coverage in three years or more. Half believe, but aren't sure, if their policies cover flood damage. (The typical policy does not.) If you don't understand the gobbledygook, find someone who does to translate it for you. Also, if house prices have skyrocketed in your area, consider upping your coverage: It could easily cost you twice as much to replace a home you bought 10 years ago.
- **Resolve to re-evaluate your major expenses.** If your health insurance costs are killing you, check out ehealthinsurance.com and see if you can't find a cheaper plan than the one your employer offers. And if you have an adjustable rate mortgage, "take a look and see what it can adjust up to," advises Kirk Kinder, owner and founder of Picket Fence Financial in Bel Air, Md. Even with rising interest rates, it might be in your interest to switch to a fixed rate.