

Mid-Year Financial Checkup

It's almost the end of August, meaning 2012 is more than halfway over and it's time for a mid-year financial checkup. You may have heard it before, but just like you need a physical checkup for your health, your finances need one as well. It's likely that many of us labeled 2012 as "the year to get our financial lives in order," and we each kicked off the New Year with a list of steps to take and tasks to complete. Now is the time to evaluate your intentions and take a good look at where you stand. Take some time in the next few days and ask yourself how you're doing on the following:

1. **Spending Plan:** Having a spending plan is one of the first steps you'll need to take when getting your financial life in order. Cash flow management is key to a successful financial future. If you haven't created a spending plan for yourself yet, start by utilizing an online application to track your income and expenses or draft your own written plan. If you do have a plan in place, mid-year is the time to review and ensure you're not over extending yourself. Double check your allotments for fixed expenses, such as your mortgage or car payments, insurance premiums, and utilities and make sure you're paying yourself first prior to going big on your variable or discretionary expenses such as groceries, entertainment, clothing, extracurricular activities and other miscellaneous items. It's imperative that you remain disciplined about understanding where your money is being spent. This will make it easier to pinpoint where adjustments can be made if warranted.
2. **Debt Management:** The plan should be to pay off debt as swiftly as your cash flow allows, with priority given to those accounts with the highest interest rates first. Review your credit card statements and determine if your debt balance has increased or decreased since January 1st. What steps can you take to accelerate payoff? If you find yourself struggling to pay extra on each balance, perhaps look to consolidate your accounts or try the "snowball" method. Some consumers are motivated by paying off the smallest balances first and then moving on to the next, thus eliminating the quantity of outstanding accounts at an accelerated pace. Remember that credit card companies are now legally required to display how long it will take to pay off your balance if making only minimum payments, so be sure to review your statements and try to avoid taking any longer than necessary to pay off your high-interest debt.
3. **Savings and Investments:** If you haven't already, set up a systematic transfer from your paycheck to your savings or investment account and "forget" about it. For IRA's and employer retirement plans, saving in smaller, automated increments will minimize cash flow strain and sets the stage for a disciplined investment

strategy. Take time to double check the balance in your emergency fund and replenish if necessary. In addition, review the asset allocation of your investment accounts, now is the time to revisit and potentially rebalance.

4. **Personal & Asset Protection:** There's nothing that can send your dreams off course like having inadequate insurance coverage in a time of need. If you've been putting off a review of your insurance, reach out to your Certified Financial Planner™ and ensure you have adequate coverage for your family in terms of life, health, home, auto and personal liability insurance. Remember to update and review your coverage anytime there is a change in your life circumstances such as marriage, birth of a child, job loss, increase in income, remodel, big ticket purchases, death, or divorce.
5. **Estate Planning & Other Important Documents:** Are your estate planning needs and wishes documented and in place? There's no time like today to shift these concerns into focus. Though organizing and preparing for your eventual passing may make you feel uncomfortable, it is increasingly important for your family and yourself that you have a current plan outlining your wishes and specific requests in place. If you haven't reviewed or created your family trust, wills, or power of attorneys, now is the time to do so. In addition, if you have children, ensure that you have guardianship provisions in place.

If you find that you are behind on some of the above, don't fret! There is still time remaining in 2012. Get yourself on track by setting small goals and tasks for yourself and remember that building a happy and healthy financial future takes time, commitment, and discipline.

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