

Get Your Finances New-Year Ready

NEW YORK (1/5/09)--You're not alone if you're still putting finishing touches on New Year's resolutions. And in today's troubled economy, there is one resolution worth fighting for: Getting your finances in shape (*SmartMoney.com* Dec. 15).

Now is the time to improve your financial fitness and manage your wealth. Use these steps:

- *Take control of your investments.* The worst investment move is to panic and pull all your money from investments. Regularly review and organize your portfolio, and talk to a financial professional about rebalancing.
- *Bulk up your emergency fund.* Having a back-up fund may prevent you from having to tap or max out credit cards if your refrigerator dies or your car needs major repairs.
- *Improve your credit score.* As lenders continue to tighten standards, even credit-savvy consumers are feeling the crunch. Having a clean credit history is more important than ever. First, obtain your free credit reports from annualcreditreport.com, review them, and dispute any errors. Next, work to improve your score: Pay all bills on time, maintain a healthy mix of credit, use less than 25% of your credit limit, and be sure to pay all fines and tickets—even unpaid library fines or parking tickets may be viewed negatively by potential lenders.
- *Stay on top of your accounts.* To avoid overdraft fees, account closures, or other unexpected events, regularly monitor your credit card and other account balances.
- *Make a budget—and stick to it.* Bottom line: Expenses should not exceed income.
- *Get organized.* Consolidate accounts, organize financial documents, and consider online banking, which can simplify your finances and reduce the likelihood you'll miss a payment. Centralize your clutter by designating one space in your home for processing paperwork. Personal finance websites and software make it easy to track your spending and manage your records, some with services that alert you when bills are due or balances are close to their limit.
- *Pay down debt.* Attack your high interest credit cards first by paying more than the minimum balance each month. Once you get your debt under control, make it a goal to pay off the balance each month to avoid accumulating interest.
- *Do direct deposit.* If you still get paper checks, think about switching to automatic deposit. By having all or some of your payroll check directly transferred to your credit union account, you'll be less tempted to spend what you could be saving.