



# New Year's Resolutions

## 5 Goals To Help Your Wallet

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## 5 New Years Resolutions for Your Wallet



“I resolve that I will eat better and exercise more.” The diet and exercise resolution is one I make – and unfortunately break – every year. It’s no wonder. A resolution seems so ominous – so scary – so final. Instead of resolutions, maybe we should call them New Years Goals? Studies find that those who set S.M.A.R.T. (specific, measurable, achievable, realistic and time-targeted) goals are more successful at reaching them than those who resolve to never eat another bite of chocolate again.

Below are five goals that will help you feel better about your finances at the end of the year than you do now.

**Debt reduction** – This is an oldie but goodie. The ancient Babylonians made promises to return borrowed items and pay their debts at the beginning of the year. There’s no better feeling than paying off that credit card – or car – or burning the mortgage! This is where the R for realistic comes in. Pick a debt that you can realistically pay down or off. This may be the credit card with the highest interest rate. Maybe it’s the one with the smaller balance. Next decide what you want that balance to be at the end of the year. Finally, set up a way to make the additional payments to get it paid down – or off.

**Kill the Zombies** – Zombie charges and other so called gray charges cost consumers billions of dollars annually.

These are charges that magically appear on your credit card statements for items you no longer want or need. Now’s a good time to look through your 2014 bank and credit card statements to identify and cancel these charges before they are resurrected in 2015.

**Review legal documents** – If it’s been a few years since you’ve reviewed your wills, trusts and power of attorney documents, now’s a good time to ensure that these documents are still current. Do you need to change trustees, executors, agents or beneficiaries? We are not the only ones who get older. Maybe your son was still in college when you originally drafted your trust and you appointed your sister as successor trustee. Since then your son has gotten his degree in finance and has a good job – and your sister is dealing with health issues. Now might be a good time to change your son to successor trustee. Also make sure that the beneficiaries listed on your annuities, life insurance policies and financial accounts are correct. Beneficiary forms on file with the carriers govern the dispensation of the assets when you pass – not your will or trust.



**Talk with the kids about finances** – If your children are young adults, they could maybe use some good solid lessons from mom and dad. Beginning those discussions with “don’t make the same mistakes I did” is a good place to start. No one is perfect. While your kids will no doubt learn best from their own mistakes, it is possible that you can save them heartache down the line by sharing your life lessons. In addition to talking with them about their finances, it is often important to discuss yours. If you don’t want to share all the details about your financial life, at least assemble all the financial information in one place that they can access if necessary. I have a three ring notebook labeled “When I Croak” that has all of my information in one place for when I “Croak” or become disabled.

**Don’t weigh yourself every day** – Those who have dieted know how discouraging it is to weigh yourself every day. The same holds true with your financial accounts. Just because you **can** access the balance of your brokerage and retirement accounts at any given moment of the day does not mean that you **should** check your accounts daily. The stock and bond markets fluctuate from moment to moment and from day to day. If these are not funds that you need in the short term, watching your accounts leads to emotional investing and the possibility that you will buy high and sell low. Its better to choose a great portfolio manager that invests in a way that allows you to sleep well at night – no matter what the markets do.

Happy New Year readers! May you have a healthy and prosperous 2015!



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