

After a Turbulent 2008, Make Some New Year's Resolutions for a Financially Healthy 2009

Money worries are the most common cause of holiday stress, according to Mental Health America. The 2006 study showed that parents are more stressed than all other demographic groups by finances and females are more likely than men to feel stressed by finances.

Money isn't everyone's No. 1 worry, but if it's yours, why not consider the following New Year's resolutions to improve your financial life?

Resolve:

- 1. To write down your goals:** Have you ever written down the big things you want in life? Granted, all great dreams don't cost money, but many of them do. Money buys freedom – to travel, to retire early, to start a business, to change careers. Putting goals in writing gives them a formality and a starting point for the planning you must do.
- 2. To evaluate your risk tolerance:** One of the most beneficial things financial planners do is to help you articulate your financial goals and establish (or re-establish) your tolerance for risk. With the market turbulence that's marked 2008, many individuals would benefit from an analysis of how much risk they want – or need – to take given what they want to achieve with their money.
- 3. To track your spending:** If you haven't purchased financial accounting software or set up a reliable accounting method of your own, this is the year to do it. Diligent expense tracking is the first critical step to getting personal finances in order.
- 4. To consider advice on taxes and planning:** Maybe you've always winged it with your taxes and considered your company 401(k) the ticket to your financial future. Chances are your planning is inadequate. Start getting references on good tax professionals and consider sitting down with a CERTIFIED FINANCIAL PLANNER™ professional to discuss your current retirement savings picture and what you can do to improve it.
- 5. To cut your credit card debt:** If you can't ever seem to get yourself completely out of credit card debt, make this the year to do it. Take inventory of your balances, figure out if you can consolidate them under your lowest-rate card, and resolve to pay off an amount that exceeds the minimum – on time, every month. Oh, and pay cash from now on.
- 6. To save:** If you haven't signed up for your employer's 401(k) plan or begun a savings plan tailored for the self-employed, this is the year. And resolve to save at least 5-10 percent of your take-home pay based on your cash flow, and place the maximum in whatever retirement savings plans you qualify for.

7. Get ahead on your mortgage: This advice isn't for everybody, but if you've paid off your credit cards by paying more than the minimum, you can apply the same principle to your mortgage payment. Every dollar you prepay will potentially save thousands in interest over the life of the loan if you plan to stay in your home long-term. In fact, if you make one extra payment a year, either at once or in equal monthly shares over the course of a year, you can cut at least five years of payments on a 30-year loan. Just don't short your retirement investment plans to accomplish this.

8. Invest in yourself: If going back to college or taking specific coursework will help you advance in your career, plan to do it. If investing in a health club membership that you actually use makes sense for your health as well as your insurance costs, do it.

9. To redefine the way you shop: If you're an impulse shopper, break the habit in '09. As a suggestion, get a legal pad and make that your centralized shopping list – use a single page for groceries, stock-up goods (it's wise to start buying essentials in bulk if you can measure the savings), essential clothing or big expenditures you'll need to make at specific times. Taking that pad with you wherever you spend money is a good way to keep a grip on your wallet as long as you don't stray from the list.

10. To attack that miscellaneous column: Do you really need deluxe cable? How much are you paying for your Internet service? Can you wear a sweater around the house and lower the thermostat? In every budget, there are items that can be cut – or at least trimmed. Take a hard look at all your “essentials” to see how essential they really are. Aim for a target of at least 10 percent and start setting that money aside on a regular basis.