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May 2019 Newsletter

13 Ways to Spring Clean Your Finances

Author: Kailey Fralick | March 04, 2019

SPRING IS HERE Spring cleaning is a time for taking a hard look at all of your things and keeping what's important, tossing what isn't, and cleaning items you've neglected through the long winter months. But it's not just your home that could use a deep clean. You need to dust off your financial documents too. Here are 13 money moves you should make right now if you haven't already.

1. Toss unnecessary documents In most cases, you only need to keep tax returns for three years, but you should keep them for seven years if you filed a claim for worthless securities or a bad debt deduction. After this point, you can toss them. Keep records indefinitely if you didn't file a tax return for the year or if you filed a fraudulent return.

2. Switch to paperless statements If you haven't already, switch to paperless billing and bank statements whenever possible. You'll help the environment and declutter your home at the same time. You should be able to access these statements through your online accounts whenever you need them, but if you want backups, consider downloading them to your computer and saving them to an external hard drive.

3. Create a budget A budget helps you avoid overspending and prioritize saving. If you don't already have one, total up your monthly living expenses, including your rent or mortgage payment, groceries, and utility bills. Subtract this from your monthly income and then decide how you want to spend the rest.

If you have credit card debt, most of your extra cash should go toward debt repayment. Those without debt should aim to contribute at least 10% of their income toward retirement, and 15% to 20% is even better. Leave some money for discretionary purposes, but don't go overboard. This should never exceed 30% of your monthly earnings.

4. Reevaluate your emergency fund Your emergency fund should be able to cover three to six months of living expenses, in case you become seriously ill, lose your job, or need to file an unexpected insurance claim. Life changes like the birth of a child, an elderly parent moving in, or buying a new home may affect your living expenses, changing how much you need to have in your emergency fund.

Reevaluate your living expenses at least once per year to ensure that your emergency fund still covers as many months of expenses as you want it to, or take the time to start an emergency fund if you haven't already.

5. Reevaluate retirement plan contributions If you don't have a retirement plan, create one now. Total up your estimated living expenses in retirement, keeping in mind that some of your current expenses may go away, while others, like healthcare, may increase. Multiply this by the number of years of your retirement, based on your estimated life expectancy. Don't forget to factor in 3% annually for inflation. Here's a retirement calculator that can help you determine how much you need.

Once you know how much you need, you can figure out how much you must save each month to hit your goal. Your retirement calculator should give you an estimate. Don't forget to subtract any employer match you're getting when calculating how much you need to save on your own. Then, adjust your retirement account contributions accordingly. If you can't contribute as much as you want right now, just do what you can and then try to increase your contributions by 1% of your income next year.

6. Reassess your investments As you age, your risk tolerance declines, and investments that suited you when you were young may be too volatile for you now. Generally speaking, you want more of your money in stocks when you're younger to take advantage of the high growth potential, but as you near retirement, more of your money should be in more stable investments, like bonds. Whatever you invest in, your portfolio should be well-diversified between many assets and sectors so that your savings won't take a big hit if one of your investments loses value.

Consult a financial advisor if you're unsure what you should be investing your money in. Check in with him or her at least once per year, and don't hesitate to reach out if you have questions. This is your life savings, after all.

7. Roll over old retirement accounts If you didn't roll over your old 401(k) to an IRA or a new 401(k) when you left your old job, you may want to consider doing so now. Some 401(k)s charge high fees in excess of 1% of your assets per year. This can eat into your profits and hamper the growth of your savings. Plus, it's more difficult to manage your retirement savings when they're spread across many accounts.

The only time you should leave your old 401(k) where it is is if you like the investments it offers and its fees are less than 1% of your assets per year. Like your existing retirement accounts, you should still check in on these at least once a year to see how they're performing and to make sure the investments are still right for you.

8. Update beneficiaries on retirement accounts

Your beneficiaries are the ones who will get your money after you die, so it's crucial that you keep them updated. A divorce, marriage, or the birth of a child may change who you want to inherit your money, but if you don't update the paperwork for your account, your desired heirs may have no legal claim to your savings.

If you don't know who your current beneficiaries are, ask your plan administrator or someone in your company's HR department who has access to this information.

9. Check your tax withholding If you received a large tax return this year, that may be a sign that you're not claiming enough exemptions on your taxes. This means that the government is taking a larger portion of your paychecks than it needs to. Claiming more exemptions will reduce the amount the government takes from each paycheck, so you can have more of your money now. But this could result in a smaller tax refund because the smaller amount you pay in throughout the year is closer to your actual tax liability.

Ask your employer if you don't know how many exemptions you're currently claiming. Compare that to the number you should be claiming by using the IRS Withholding Calculator. Then complete a new W-4 and file it with your employer if you decide to change your current tax withholding.

10. Check your credit reports Everyone is entitled to one free credit report per bureau per year through AnnualCreditReport.com. This is essentially a financial report card, showing how responsible you've been with borrowed money. Check yours to make sure that all the information listed there is accurate. Outdated records or false accounts opened by an identity thief could hurt your credit score and make it difficult to secure lines of credit in the future.

If you notice incorrect information in the report, contact the credit bureau and the financial institution associated with the account. You should also place a fraud alert on your credit report if you believe your identity has been stolen. This will tell creditors that they should take extra steps to verify your identity before opening a new account in your name.

11. Reassess your insurance coverage You should shop around at least once per year to make sure that you're getting the best deal on home, auto, and life insurance. Even if you don't switch companies, you should still take a look at your existing policies to make sure they are still adequate. If you had a child, you may want to purchase more life insurance to ensure they will be taken care of if you die. And if construction or auto repair costs rise in your area, you should think about purchasing more home and auto coverage to ensure you'll have enough money to replace your car or home in the event of a total loss.

12. Inventory your possessions A home inventory makes filing a home insurance claim easier because you can show the insurer proof of what you owned and streamline the claims process. It's also helpful when substantiating a financial loss on your taxes.

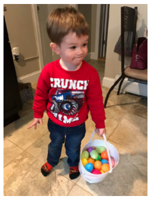
Take pictures or a video of all the rooms in your home and focus particularly on the big-ticket items that are expensive to replace. Keep your receipts for these items if you have them to prove how much you paid. If you don't want to keep paper receipts lying around, scan them into your computer before tossing them.

13. Cancel unused subscriptions Look at all the subscriptions you pay for each month and decide which are worth keeping. If you only go to the gym once a month, it's probably not worth paying to keep the membership. Think about streaming services too. Cancel any that you haven't used recently. You can always change your mind later if you decide you want them back, but if you don't need them, you'll save yourself a few dollars each month.

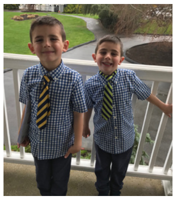
...and Scott Federico from Somerset is the lucky winner of the "push the plunger" on the Brayton Point towers implosion contest. $8200 was raised for the Vietnam Wall project.

Women Can Cook 2 will be happening in June with proceeds benefitting the Vietnam Wall project. More details will be available soon.

Easter Highlights

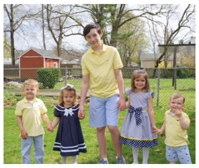


Kathy Hale's grandson Bentley



Brody & Brendan Baker

Papa & Luke



Joe's Grandchildren

SELECT CLUB

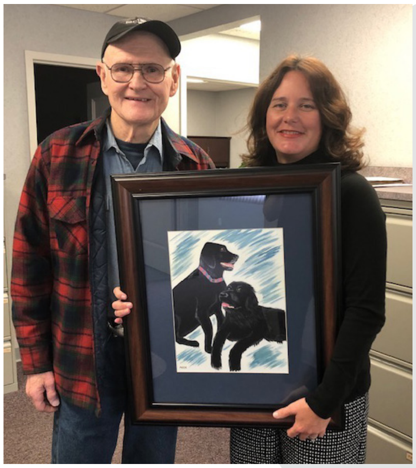
Our success comes from referrals from our valued clients. Please consider sharing us with your family and friends.

Becoming a *Select Club Member* is as easy as providing a referral that results in a client meeting. The first referral initiates your membership and each additional referral in 2019 that results in a client meeting will be an entry into the *Select Club* quarterly drawing.

Quote of the Month: *"You can always look up to others for inspiration, but never for comparison."*

The Financial Planning Hour

Join Richard Bassett from 1 - 2 pm every Monday for his weekly radio show on WSAR1480. Stay in the know on relevant topics that are defining the American economy, as well as discussions on financial planning.



Kim with client Matthew Kieron who painted a picture of Kim's dogs, Koda and Jake