

Financial Spring Cleaning Tips

The weather seems to finally be warming up, which means it's time for spring cleaning! In addition to airing out the house, cleaning out the basement or garage, and washing the drapes, be sure to give your personal finances a spring cleaning. Here are a few tasks to add to your spring cleaning to-do list:

Organize your paperwork

Spring is a good time to tidying up your finances, because tax day is right around the corner. In addition to making filing easier, organizing all of your financial paperwork will help you take stock of your family's financial health. Organize paperwork into debts, expenses, incomes and investments. From there, make sure each item is in your monthly budget. That way you know where every dollar goes.

As you organize, get rid of papers that you no longer need. If they have sensitive information on them, be sure to shred them to protect yourself from fraud. Tax information should be kept for seven years, but credit card and bank statements that are more than one year old can be destroyed.

Reassess your savings rate

Once you've organized all your paperwork, take stock of your monthly budget. How much are you saving each month? What are you saving for? Reassess where your money is going and determine if you're on track. If you're putting money into a college fund, for example, there might be a tax-deductible account you should be using instead of that CD. Wisconsin offers two 529 college savings plans: Edvest and Tomorrow's Scholar. Talk to your banker about which program is the best fit for your family.

If you're saving for retirement, consider putting a higher percentage of your income into your IRA or 401(k) this year. The retirement contribution limit for 2014 for 401(k)s is \$17,500. For IRAs, the limit is \$5,500. Even if you can't contribute the maximum allowed, increasing your contributions by just \$1,000 per year will net you an additional \$86,000 after 30 years, after taxes (assuming an average seven percent growth rate).

Cash in your rewards

Go through any credit card points, airline frequent flyer miles, store credits, loyalty club memberships, etc. Schedule when you'll need to use these benefits by before you lose them. If you're currently paying a fee to participate in these programs (such as an annual fee for a credit card) do the math to figure out if the reward outweighs the fee. If it doesn't, consider dropping the program.

No matter what areas of your personal finances need a little dusting off, taking a little extra time this spring to work on your money issues will make budgeting throughout the rest of the year much easier.



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