

Making Financial Resolutions You Can Actually Keep

January is right around the corner, which means it's New Year's Resolution time! One of the most common resolutions is to either save money or reduce debt. Here are some tips to help you accomplish your financial goals in the New Year.

Get Organized

The first step to making a financial resolution you can keep is to organize your financial documents by year and store them in a safe place. Documents to keep include bank statements, tax returns, insurance papers and receipts. Keeping these files organized will help you keep track of your current financial situation and monitor it in the future.

Assess Your Current Finances

Look through all of your accounts and determine all of your debts and all of your income. How much interest are you paying on all of your loans? Look at car payments, your mortgage or rent and any student debt you may still have. If you carry a balance on any credit cards, determine which ones have the highest interest rate and plan to pay them down first. You can use this information to create a household budget, which is your greatest resource for any financial goal. The beginning of the year is also a good time to request your credit report and check it for errors. You can obtain one free credit report from each of the three credit bureaus (Equifax, Experian and TransUnion) every year.

Avoid Drastic Lifestyle Changes

One of the biggest keys to making a financial resolution you can keep is to avoid resolutions that require drastic or sudden lifestyle changes. Cutting your budget in half or cutting up every credit card in your wallet may seem like a

good idea, but this kind of jarring change is very difficult to maintain. Most likely, you'll slip back into old habits. Instead, create a plan that you can stick to. If your goal is lofty, plan to reach it in small increments. For example, if your goal is to save \$1,000 per month, start with \$100 and work your way up.

Stay Committed

There are lots of ways you can keep yourself committed to your financial resolution. One way is to make saving automatic by setting up automatic transfers at your bank. Many banks allow customers to set up monthly automatic transfers from their checking account to a savings account or CD. Check to see what options are available at your institution. Motivate yourself by writing down the reasons you set this resolution and re-read them on a regular basis. You can also place motivational reminders in your wallet or in a place you'll see every day.

Finances are something that everyone has to deal with. Increasing your knowledge about how to use money wisely, examining realistically your own financial situation, and looking at what motivates you will help you make and stick to goals. Good luck!



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