Twelve Financial Resolutions – Part 3

If you want to enjoy a great 2014 and beyond, take heed of these helpful financial resolutions… certain to help you improve your financial situation and your peace of mind. For each of the next few months, we'll provide you with resolutions to consider and implement in your life and career.

7. Create or update your estate plan and/or your will.

Whether you are single, married, divorced, kids or no kids -- you need to have the proper documents to make your wishes known.

- Update your beneficiary info on your retirement accounts, insurance, etc.
- Specify money that you want to give to charity through a trust or gift exclusion.
- When preparing a will reference an addendum in the will where you list who will get your various assets and personal property.
- Make sure all language is clear and as specific as possible so that your wishes can be carried out.

8. Calculate your net worth.

How do you calculate your net worth? It's simple! You just add up all your assets (including retirement assets, investments, savings, life insurance cash values, home equity and personal property) minus debts or liabilities (including the remaining mortgage, car loans, student loans, credit card debt). That amount is your approximate net worth. Do a reality check to ensure you are on the right track. The exercise of calculating your net worth can be very valuable as well -- people often discover accounts, investments, etc. that they have forgotten about, or need to update. Consider accelerated debt reduction. Consider increased savings. Even consider canceling every credit card you have if it means that you stop overspending and start saving. Be proactive in your efforts to get financially fit.

9. Record keeping - out with the old and in with the new.

What tax records should you save? Keep records that directly support income or expense items on your tax return. It's also a good idea to save your bank statements and investment statements from brokers. For expense items, keep your cancelled checks as well as support for any itemized deductions you claimed. The IRS can audit you routinely for three years after you file your return. But in cases where income is underreported, they can audit for up to six years. To be safe, keep your records for seven years. Keep certain other records longer. These include records relating to your house purchase and any improvements you make. Also keep records of investment purchases, dividends reinvested, retirement plan contributions, and any major gifts you make or receive. And finally, keep copies of all your tax returns and W-2s in case you ever need to prove your earnings for social security purposes. The Records Retention guide in the Resources section of our website can help you… download it for free!

Check back with us again in a few weeks for your next round of helpful resolutions.

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