Financial Wellness Starts Now

RESOLVE TO IMPROVE YOUR FINANCIAL WELLNESS

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As the first month of the year, January signifies a chance for new beginnings, starting over or, at the very least, making a few changes. So it's not surprising that many of us are proclaiming, in the form of New Year's resolutions, our intensions in the year ahead to eat healthier, go to the gym more, eliminate bad habits, and make other adjustments in our daily lives.

January also happens to be National Financial Wellness Month, making this a good time to include a few financial-related goals among those resolutions. Whether it's a vow to cut back on eating out at restaurants or to get an estate plan in place, most everyone could benefit from making a few financially oriented changes.

While the resolutions you make ultimately depend on your specific life circumstances and goals, the following are a few you may wish to consider to help improve your financial wellness.

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1. INCREASE YOUR FINANCIAL LITERACY

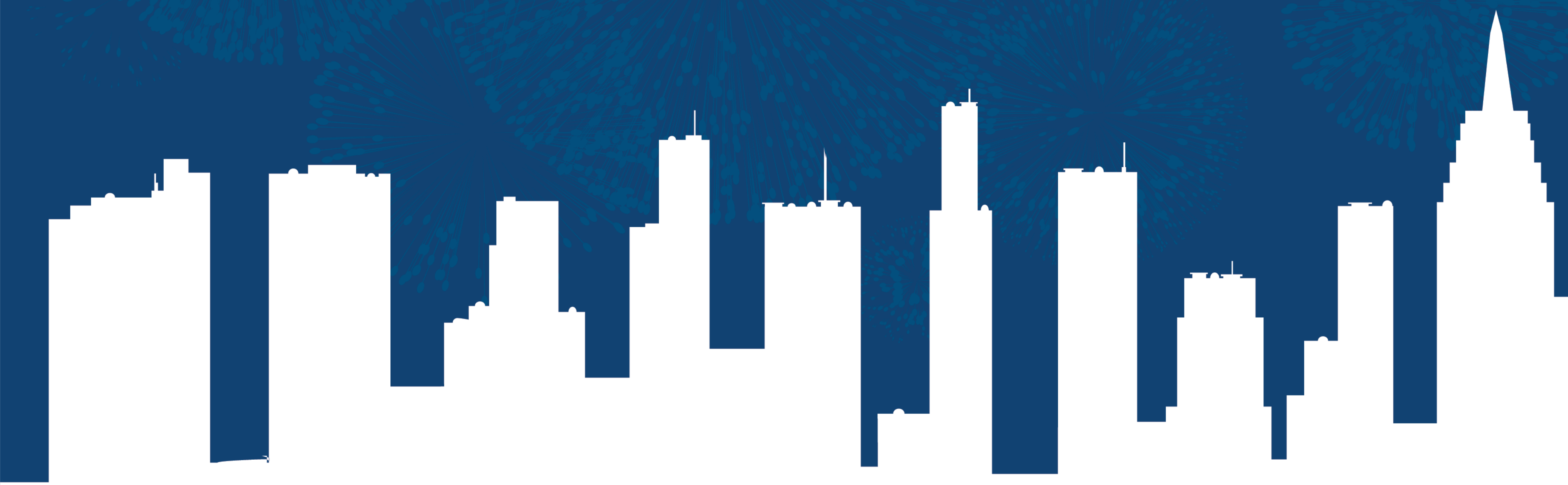
As the saying goes, knowledge is power. Increase yours by beefing up your financial knowledge.

One way is to read blogs or books on financial matters. There are a range of options, from those that target specific audiences like millennials or Generation X to more education-focused options. If reading isn't your thing, consider listening to finance-centric podcasts.

2. CREATE A NET WORTH STATEMENT

If you don’t already have a net worth statement, create one.
If you have one, review and update it accordingly.

The purpose of a net worth statement is to outline what you own and what you owe so you have a clearer understanding of your financial well-being. Compare it year to year to see how your net worth increases or decreases.



3. TRACK YOUR SPENDING

Before you can set a budget, you must understand your spending habits. There's a wide range of easy-to-use apps and software programs that can help you track and analyze what money goes out and where, what you have coming in, and what you need to do to strike the right balance between the two.

Many of the resources integrate with other financial planning tools to give you a more comprehensive approach for setting and adhering to a budget. Banks, credit unions, brokerage firms, and other types of financial institutions often offer their own apps to their customers as well.

4. REDUCE UNNECESSARY SPENDING

If you started tracking your spending, chances are you've identified areas in which you tend to overspend or spend unnecessarily. Determine what you could or should cut back on. For example, are you getting the most value out of monthly subscriptions for video streaming, cable or other services?

Even if you feel financially secure, it never hurts to assess your spending habits. If you're able to cut back in a few places, you may feel less guilty splurging now and then.

5. INCREASE RETIREMENT SAVINGS CONTRIBUTIONS

If you're years away from retirement, your 401K retirement account may benefit from the effects of compounding interest over the next several years. Consider increasing your contributions a little each year, and you can be farther along the path to retirement readiness.

If you're nearing retirement, you may be able to accelerate your savings. The IRS allows 401(k) participants age 50 or older to make additional contributions once they've maximized the standard contribution limit. Talk to a financial advisor or a representative of your financial institution for details.

6. PAY OFF BILLS

Reduce what you owe, focusing first on loans, credit cards, and other debts with the highest interest rates. You'll save money in the long run and strengthen your current financial position.

Avoid running up additional debt, or at least don't take on more than you can handle. Pay off bills in full when they are due. If you must take out a loan, shop around first for one with the lowest interest rate. The same applies with credit cards. You can also call any current credit card companies and try to negotiate more favorable rates.

7. SET UP OR BEEF UP AN EMERGENCY FUND

Save for the unexpected. Set aside funds to cover at least three months' worth of bills, preferably six months. Having funds available will reduce stress in case of a hardship such as a job loss, uncovered medical expense or a major home or auto repair.

Don't worry if you can't save the full amount right away. Set aside a certain amount for it monthly. If you have an emergency fund in place, it never hurts to add to it. You can always transfer any overage to another savings account or investment.

8. CHECK YOUR CREDIT REPORT AND SCORE

Periodically review your credit report and score. Even if you always pay your bills on time, you never know when an error could happen and mess up your credit. Identity theft and credit card fraud also can severely damage your credit without your knowledge.

If you encounter any errors, contact the credit reporting agency and dispute anything that's wrong.

9. REVIEW YOUR PORTFOLIO

Sit down with your financial advisor at least once a year to review your portfolio. Determine if your allocations still match your goals. Be honest with your advisor about what you want and expect.

If you're handling your investments on your own, you should still conduct a portfolio review. Reach out to a financial professional if you're unsure about your options.

10. WORK WITH A FINANCIAL ADVISOR

Financial matters can be complex and time consuming. Even if you consider yourself to possess a great deal of financial acumen, consulting with a financial professional can be beneficial.

That's especially true if you have specific needs such as legacy planning or providing for a child with special needs. Read Reasons to Work with a Financial Advisor to learn more about why you may want to consider working with a financial professional. To help find an advisor that could be best for you, read Key Considerations for Finding the Best Advisor.

RESOLVE TO STICK TO YOUR RESOLUTIONS

Improving your financial wellness won't happen overnight. Nor will following through on any financially oriented resolutions ensure you achieve your financial goals. Be realistic in your expectations.

However, your resolutions can help you implement better financial habits and make progress toward your financial goals. The key is to stick to them.

When you make your resolutions, also plan for how you'll follow through with them. Do you need to email yourself daily reminders? Should you enlist a friend to help keep you on target? Figure out what it will take, and then start making it happen.

If that includes working with a financial advisor, consider working with an LPL advisor. You can find one near you by using the LPL Find an Advisor tool.

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