

# Financial Planning Made Easy



## Step 1: Visit Your Budget

Take some time to review your monthly budget. Are you sticking to the planned budget for every category? Are you overspending in some categories or under-spending in others? Do you need to adjust your allotted budget in some areas or maybe trim your discretionary spending across the board?

Review your spending over the last few months and make any necessary changes so your budget can continue working for you. Be sure to account for any significant life changes that may alter your financial needs, such as a marriage, the birth of a child, a divorce or a job change.

By reviewing and adjusting your budget, you will avoid falling into the mindless spending trap and you will be taking proactive steps toward staying on top of your finances.

## Step 2: Anticipate Large Expenses

Now that you've updated your monthly budget, take a moment to list any large expenses you anticipate having in the next six months. This can include household appliances that may need replacing, expensive car repairs that will likely become necessary or an anticipated medical expense that is not fully covered by insurance.

Once you have this information in hand, determine which spending category you will take the money from to cover these expenses. Do you have a rainy-day fund that can pay for one or several of these costs? Can you use the money in your emergency fund? Make the decision about sourcing this money now so you don't make the wrong choices when you're stressed and pressed for time in the future.

If you do not have enough money set aside for these expenses, build a savings plan into your monthly budget now so you have the funds available when you need them.

### **Step 3: Review Your Tax Withholdings**

Review your tax withholdings to see if they need any adjusting. If taxes and numbers are not your thing, ask your accountant for assistance with this step. Your goal here is to pay the perfect amount so you're not hit with a huge tax bill at the end of the year but also not lending the government your money interest-free.

### **Step 4: Check Your Credit Score**

Your credit score is like your money grade, indicating the degree of your financial wellness and responsibility. Visit <https://www.annualcreditreport.com/> for your free credit report, and credit building tips.

If your score has gone up in the last six months, you're doing great! Keep up the good work.

On the flip side, if your score has dropped, review your report in detail. Are there any errors you'll need to contest with the [Federal Trade Commission](#)? Is there a credit card bill or another line of credit you've been neglecting that is dragging your score down? Are you having trouble remembering to pay your monthly bills in a timely manner? Take the necessary steps to fix your score today, whether that means contesting a charge, setting up an automatic payment on some of your bills or lowering your credit utilization rate by paying with plastic less often.

### **Step 5: Review Your Investments**

Now is the time to review and adjust all of your investments. This includes your contributions to your retirement funds, any stock investments, bonds, trust funds or savings certificates at Patriot Equity Credit Union. Make sure you are maximizing your contributions when possible and that your other investments are performing according to plan, making adjustments as necessary.

### **Step 6: Tackle Your Debt**

List every single outstanding debt you carry, including credit card debt and loans. Designate one debt to tackle first, either choosing the one that carries the highest interest rate or the one with the lowest balance. Next, work on a plan to get rid of your chosen debt, being careful not to neglect the others. See if you can trim your budget or boost your income in any way to increase your payments on this debt. Once you've paid it off, move to the next one on your list so you're on your way to a debt-free life.

## **Step 7: Review Your Financial Resolutions and Long-term Goals**

Which financial resolutions did you jot down at the end of the year? What are your dreams for the future? Did you want to start socking away another \$200 a month? Is your goal to retire comfortably at 55?

Take some time to review these goals and to determine whether you are indeed taking the steps necessary for making them happen. If you've been neglecting them, create a plan for working toward them for the rest of the year. Remember: With determination and proper planning, nearly any financial goal is possible!