Let's Talk Finances

Get Financially Fit

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It's always a good time to assess your finances and create or update your budget or saving plan. Taking control of your personal finances will allow you to prepare for unexpected expenses and save for your future. So why not get financially fit this summer? The tips below will help you get started.

Get Organized
Alphabetized file folders, or filing systems specifically for financial organization are one good way to begin. While you're getting organized, consider buying a shredder to keep your personal information safe from identity theft.

Create a Budget
Track your income and expenses to see how much money you have coming in and how much you spend. If you have debt, establishing a budget will help you to pay down your debt while you save. Creating a budget can be done with computer software programs or basic budgeting worksheets.

- Identify how you spend your money.
- Set realistic goals, especially if you plan to cut some of your expenses.
- Track your spending and review your budget often.

Lower Your Debt
Debt from student loans, mortgages and credit cards is nearly unavoidable. The average family carries about $10,000 in credit card debt. Spending more money than you bring in can lead to financial stress. When cutting debt, consider the following strategies:

- Pay more than the minimum due and pay on time.
- Pay off debt with higher interest rates first.
- Transfer high rate debt to credit cards with a lower interest rate.
- Use credit cards and loans for purchases that will appreciate in value like a home.

Save for the Unexpected and Beyond
Saving is important; it ensures a comfortable future that can endure financial surprises. No matter how old you are, it's never too early or too late to begin saving.

- Make a goal to save at least 10 percent of your income for retirement. If you have a retirement savings plan where you work, such as a 401(k), it's to your advantage to contribute the maximum amount your employer will match. If this isn't something your employer provides, many banks offer Individual Retirement Accounts. IRAs offer tax-deferred growth, meaning you pay taxes on your investment gains when you make withdrawals.
- Financial advisors often recommend keeping about three months' salary in a savings account for financial emergencies like hospital bills or loss of job.

- Increase the amount you save as your income increases.
- If your paycheck is direct deposited to your bank account, ask your employer to route a specific amount to your savings account. Because the money is put into an account before you have a chance to spend it, automatic savings plans are an easy and convenient way to save. If your employer doesn't offer direct deposit, many banks allow you to set up periodic automatic transfers from checking to savings accounts.