

Minding your “sand dollars” and cents

August 2015 Newsletter



The Wall Street Journal calls August the “nap-time of personal finance planning.”¹ Let’s face it: Summer can be a wonderfully laid back time. If you’re spending time at the pool or beach, money may be the last thing on your mind.

Yet in just a few months, holiday season will be here. Your budget and finances will soon be front and center. So it may be a good idea to use the summer lull for a quick financial tune-up.

Time to re-boot your budget?

Life changes and your budget should reflect those changes. Here are some steps you can take to see if your budget meets your current goals:

1. For one month, carry a small notebook and record every cent you spend (down to your morning cup of coffee). If you have a partner or spouse who shares the household income, ask him or her to do the same.

Keeping this spending diary can be a tough task, but there’s a big payoff. You’ll get a clear idea of where your money goes—and where you can save. Five dollars for a coffee might not seem like a big deal. But if you’re buying one every work day, that’s about \$1,300 a year.

2. Add in the costs of food, utilities, car payments, mortgage or rent, cell phones, TV and all other fixed monthly bills.

When you’re done, you’ll have a realistic total for your family’s monthly cost of living.

3. Next, make a list of all income: salary, wages, tips, rental income, dividends, interest and other sources. If you pool accounts with your spouse or partner, include his or her income as well.

4. Finally, subtract expenses from income. Using your family’s total monthly income, create a monthly budget that covers your fixed expenses first. Don’t forget to figure in retirement savings and funds for emergencies like car or home repairs. Add in short-term and long-term wish-list items to the extent you can.

Time to change investment strategy?

Investing is an important part of financial planning. Do you invest? If you have a retirement account, chances are you do! While you’re looking at things with “fresh eyes,” find out if the risk level of your portfolio matches your current goals.

You may want to call on your financial or investment professional for this kind of help. If you don’t currently have an advisor, now may be the perfect time to start a relationship with a professional you can talk to and trust.

And don’t forget...

Whatever your age, you’ll want to think about education costs, life insurance and retirement funds. You can explore other ideas with an advisor, as well as new ways to achieve your goals. An expert can help you create and stick to a plan.

So even if you’re packing up for a hard-earned August vacation, it can pay to make a little time for a basic financial check-up.

¹www.wsj.com