

Money Management

Money Management is a weekly column on personal finance prepared and distributed by certified public accountants.

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FIVE FINANCIAL NEW YEAR'S RESOLUTIONS TO KEEP THIS YEAR

At the beginning of each new year, many people make a list of resolutions to keep in the coming months, such as losing weight or learning a new skill. As you make your list, don't forget to consider wise financial goals for the year ahead. The New Hampshire Society of CPAs suggests you adopt these smart resolutions.

SAVE MORE

It sounds simple but people often forget or make excuses that prevent them from setting aside more money for the long term. That's why it's a good idea to make the process automatic. One way to do that is have your bank deposit a certain amount of your payroll check or checking account balance into a savings account each month. Even if you start by setting aside a very small amount, you'll be surprised at how quickly it adds up. And no matter what your age, don't forget that it's never too early to begin saving for retirement.

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WATCH YOUR SPENDING

This is another area where people have great intentions that often don't get carried out. One way to motivate yourself to take this goal more seriously is to keep a list of everything you spend each month. Categorize the items in areas such as groceries, restaurant meals and takeout, entertainment, commuting and gasoline--or whatever categories apply. Once again you may be surprised this time at how much you are spending in certain areas. Are your takeout expenses much higher than you thought? Are you spending a lot on gas when public transportation could be a cheaper option? When you set down your outlays on paper, you may find yourself much more motivated to change your habits.

KEEP A BUDGET

Once you write down your expenses, you can use them as part of a monthly budget. A budget is an excellent tool for making sense of your financial life and identifying where change is needed. Add up what you receive in your pay checks each month and any other income, then deduct your regular expenses, such as rental or mortgage payments, utilities, groceries and savings. You can use what's left

for restaurants and entertainment, travel or other discretionary purchases. But it's smart to know how much you have to spend before you take out your credit card.

MAKE YOUR OWN FINANCIAL STATEMENT

How much are you worth? The beginning of the year is a good time to find out, since understanding where you stand financially can help you make decisions about your future. The process is simple: Add up the value of what you own, including the equity you have in your home or any other property and the amount in your savings, investment or retirement accounts. Then calculate your debts, including your total outstanding mortgage balance, auto loans, student loans and credit card balances. If your assets are greater than your debts, then the excess amount is your net worth. If your debts add up to more than your assets, it's a good idea to give some thought to your debt management plan and your spending habits. Is it time to make some revisions in how you manage your money? If the answer is yes, consider new steps to take during the coming year.

CONSULT YOUR CPA

As you review your financial situation and chart your future plans, remember that your local CPA can help. He or

she can offer the advice and information you need to make smart financial decisions.

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