

10 Ideas for a New Year's Resolution Worth Keeping

New Year's resolutions, the skeptics say, are made to be broken. How about if you could prove the skeptics wrong by making a resolution you can actually keep, one that if kept, may drastically improve your financial outlook this year?

Instead of a grand gesture, total abstinence from sweets, for example, or quitting a bad habit cold turkey at the stroke of midnight Jan. 1 try making a resolution that's ambitious yet eminently attainable: a financial resolution.

"The important thing with a resolution is how you define it," said Molly Balunek, CFP®, at Inverness Advisers in Beachwood, Ohio. "That means defining it narrowly enough that it's achievable. You want to avoid being so ambitious that it's self-defeating."



1. Track household spending. "This is a real game-changer," said Balunek, and perhaps the most important step a person can take toward gaining control of their financial situation. Track spending the old-fashioned way, with pencil and paper, or use software systems like Quicken, FinanceWorks or Mint.
2. Save \$X per week/month/pay period. Rather than merely resolving to "save more," commit to setting aside a specific amount during a specific time period. If you don't have a savings account, open one that offers a decent interest rate.
3. Develop and follow a spending plan. A resolution to "spend less" is too general, said Balunek. Instead figure out exactly how much you take in and how you need each month to cover expenses. The difference determines how much you can set aside for retirement, education, etc., as well as goodies like vacation.
4. Establish a retirement plan (if you don't already have one) and commit to funding it. It's never too early (or too late) to save for retirement. If your employer doesn't offer a 401(k) or other type of plan, open an IRA yourself.
5. Meet with a financial planner. It pays to have an expert objectively examine your entire financial picture, then provide actionable ideas and advice to help you meet your goals and obligations. Find a financial planner in your area via the Financial Planning Association's national database at www.FPAnet.org/PlannerSearch/PlannerSearch.
6. Save for a child's education by setting up and contributing regularly to a college savings plan. Research plans online (via a site such as www.savingforcollege.com) and if need be, ask a financial planner for help establishing one.
7. Develop and follow a debt management plan. Assess how much debt you're carrying (on credit cards, etc.), then commit to paying down that debt by a specific amount each month.

8. Learn more about finances. The Internet, the library and the bookstore are full of insight and ideas you can put to work to improve your financial standing. Where to find those ideas? Ask financially savvy friends and relatives (or a financial planner) for suggestions.
9. Review your insurance needs. Ask a financial planner for help analyzing what you have and what you need in terms of life, disability, health and other forms of insurance. Also talk with the HR department at work to find out about insurance benefits offered by your employer.
10. Commit to saving just a little more for retirement. Setting aside even 1 or 2 percent more per month now, said Balunek, can add up to a much bigger nest egg later.

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