

12 tips to help you take control of your finances



As you look back on 2014 (and more preceding years than you'd like to admit), it's clear that you could have done a better job of managing your finances.

Perhaps you're thinking, "Not to worry ... 2015 is the year when I'll finally save more and spend less. In fact, I'll make that one of my New Year's resolutions." However, if you want to rise above the 90 percent of Americans whose resolutions fail, you'll need more than just

good intentions.

"As is the case with accomplishing most goals, getting on the path to financial security is easiest when you plan ahead and make a series of small, sustainable changes," said Donna Skeels Cygan, author of "The Joy of Financial Security: The Art and Science of Becoming Happier, Managing Your Money Wisely, And Creating a Secure Financial Future."

So before the ball drops at midnight, it's a good idea to spend a little time deciding how, exactly, you're going to make your resolution a reality.

It's true that sitting down to tackle money issues isn't most people's idea of fun (especially during the holiday season), so to help motivate you, Cygan points out that the reward for taking control of your finances in 2015 isn't only monetary; you'll also be happier when you become financially responsible. Good, smart, sane money management feels great.

Cygan shares some specific strategies to help you keep your resolution and make 2015 the year you build a more financially secure future. First she suggest to focus on saving, not on budgeting. Calculate how much you are currently saving. Next, look for ways by which you can increase your saving percentage. Strive to save 15 to 20 percent of your gross income.

"Whenever you do find an area in which you can cut back, redirect that money to savings. For

some people, this may be as simple as not buying junk food or soda at the grocery store, or going out to eat once per week instead of four times,” said Cygan. I suggest making your savings automatic. Many people save through their 401(k) or 403(b) at work, and the money is swept into the account before it ever appears in a paycheck. This works great, and you can do the same thing with saving in a Roth IRA or a taxable account. Set your savings up so it is automatic, occurring on the first of each month or as soon as your paycheck is deposited into your checking account.”

Cygan also suggests getting serious about paying down debt.

“If you’re not sure where to start when it comes to eliminating debt, it’s generally a good idea to focus on debt that carries the highest interest rate, likely credit card debt,” said Cygan. “Pull out all of your credit card statements (with a balance) and make a plan. Commit to paying off a significant amount each month and mark it on your calendar. Where there’s a will, there’s a way. Most families can cut expenses somewhere and put those funds toward paying down bad debt. And if your budget is already trimmed down to the essentials, consider getting a second part-time job, just a few hours a week, and putting that money toward paying down the debt quickly.”

Another suggestion of Cygan is to hold a family meeting to set some long-term financial goals. At the same time she said to consider what really, truly brings you joy and to rethink what you’re calling “necessities.”

“Often we think we need things just because everyone else seems to have them,” said Cygan. “But this is nothing more than peer pressure. There really are very few true needs. The rest are just wants. And when we really think about what brings us joy, we usually realize we don’t want our ‘wants’ as much as we thought we did.”

While “credit is king,” Cygan suggests to pay in cash whenever you can.

“Research has shown that we spend roughly 15 percent more when we pay with a credit card as opposed to using cash,” said Cygan. “If you have to reach into your wallet and count out bills in order to pay for a meal or an impulse buy at a retail store, you might just decide that it isn’t worth the money after all. From eating at expensive restaurants to making sure our homes are decked out with flat-screen TVs and sound systems, most of us don’t mind pulling out our wallets in the name of enjoyment. Do some soul searching before you get out the credit cards. Cooking a meal together as a family might bring all of you more joy than piling into the car and ordering from yet another overpriced menu.”

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