

Clean sweep

Putting your financial house in order is an investment worthy of time ... and money.

By Jill Becker



Come April, a lot of people start thinking about doing a little spring cleaning. But what most people don't realize is that scouring their finances is just as necessary as cleaning up the windows and the rugs.

"Unless a major event triggers it, we have a tendency to ignore our finances for significant periods of time," says Eric Tyson, author of the recently released sixth edition of *Personal Finance for Dummies*. But that can lead to things like gaps in your insurance coverage or missed savings opportunities. "The point is to actually set aside some time to take a look at your financial situation and make the most of the money going through your hands," Tyson says.

It's never too early to add a financial once-over to your list of spring cleaning chores. "When should a kid start brushing his teeth? When he has teeth to brush," Tyson says. "You're mistaken if you think, 'I'm young, fresh out of college and don't have any real money to manage, so I have nothing to worry about.' People should start learning to manage their money well as soon as they start earning it."

Another reason for a thorough annual financial review is to simply get rid of all the mess. "Clutter, or life plaque, as I call it, can clog up the arteries of our lives. And nothing gets us more clogged up than clutter of the financial kind," says Gail Blanke, a life coach and the author of *Throw Out Fifty Things: Clear the Clutter, Find Your Life*. "It's easy to go into a panic about what the heck to do with all that paper: the bank statements, the bills, the tax returns. It's endless."

So, how to trim the excess and get your financial house in order? Here is some expert advice.

1 Wherever possible, ditch paper records for online ones; most banks and other financial institutions offer this option. When you do have to deal with physical documents, keep them only as long as you have to. The general rule is to save bills, credit card receipts and paycheck stubs for

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one year and bank statements only as long as necessary for tax purposes. Keep tax returns and records for seven years and annual retirement plan summaries until you retire.

2 Review any debt you have. Check insurance, mortgage and other rates and make sure you have the lowest ones possible.

3 Analyze your current expenditures and look for ways to reduce your spending and save money. Do you really need premium cable TV? Do you always have minutes left over on your current cell phone plan?

4 If you've had any significant life changes — starting a family, buying your first house or caring for aging parents — it might be time to update your will, boost your insurance coverage and reevaluate your financial goals.

5 If you have a lot of accounts in different places, consider consolidating them. Check with your financial institution about options to hold investments from several companies under one main umbrella.

6 Examine your employee benefits plan for programs and updates and make sure you're taking advantage of everything applicable. "I'm always shocked at how infrequently people get out their employee benefit info and review it," Tyson says. "It's the most common mistake they make. For instance, some companies offer health savings plans or relatively low-cost insurance plans, like long-term disability, that you might want to participate in." 