

Spring clean your finances!

Managing Your Money

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Springtime brings out in many people the urge to clean and refresh. The natural world revives and re-energizes after the colder winter months. It's a season that symbolizes starting fresh and starting over. For some, this will mean cleaning out the closet, Tupperware cupboard or even the whole house. For others, it could mean resetting and refreshing their health habits and taking advantage of the extra sunlight and increased energy to get more active. But it's also a good time to Spring Clean our finances!

Clean up your accounts

Fraud has become so rampant in our digital world that everyone can be a target. It's never been more important than now to keep on top of your accounts – from bank accounts to credit card accounts to investment accounts. An annual financial spring cleaning can help with this process. Take inventory of all that you have. Holding several bank accounts or credit cards at different institutions can make your financial life feel disorganized. It can make it harder to spot fraudulent transactions quickly. Consider consolidating your accounts with fewer institutions to gain a clearer picture of your finances and overall wealth.

If you have multiple debts, it could be a good idea to think about debt consolidation. In addition to saving you money, paying off all of your debts with a single loan at a fair interest rate gives you one easy payment date every month. As a result, there may be less stress related to money.

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Reduce the paper

More and more financial institutions are making the switch to “paperless” statements – and it's a win-win decision. Go digital and save money (some banks charge small fees for paper options), be eco-friendly and reduce the paper clutter in your home. You can choose paperless options for credit cards, loans, brokerage accounts, and even bills. Since your statements are all in one spot when you receive them online, keeping track of your finances is much easier.

For anything that you continue to receive in paper form, consider scanning it to reduce clutter. To determine

how long particular documents and statements should be kept, refer to our “Document Organization Checklist” on the Useful Tools page of our website.

Review your monthly expenses

Go through your bank and credit card statements and dump monthly subscriptions and memberships that you're no longer using. While you're at it, take notice of any areas where you may be overspending or wastefully spending, and make a point to cut back.

Springtime is as good a time as any to review your budget and look ahead to upcoming expenses. Need a new roof or air conditioning unit? Is your mortgage renewing soon at a higher rate? Big vacation coming up? Check-in to see how cash flow looks for the rest of the year and make necessary adjustments. Refer to our Lifestyle Expense Worksheet under Useful Tools on our website. If you're pre-retirement, more money needs to be coming in than going out. If you're post-retirement, you want to ensure the money going out is not going out too fast relative to what you have. Running out of money tends to be one of the biggest concerns as people age, regardless of how much money they have. A comprehensive retirement plan can eliminate or ease that type of financial anxiety.

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Put excess cash to work

As you're taking inventory of your bank accounts, notice if you have excess cash. Whether it's for an emergency fund, vacation, or simply a rainy day, make sure it's working for you. In today's high interest rate environment, you should be able to get close to 5% on a guaranteed high interest savings account. For more on high interest savings accounts, see my November article.

Plan for next tax season

You may be wrapping up this year's tax season, but there's no better time to start preparing for next year's tax season. Trust me - you'll thank yourself next year! Start with an envelope or file folder labeled 'Taxes 2024' and use it to collect all the miscellaneous receipts and slips you get throughout the year, especially medical, educational, deductible expenses, etc.

Last month's article discussed some intermediate tax strategies. Don't wait until tax season to implement strategies to reduce taxes – by then it's too late. Implement tax strategies now, to reap the rewards at tax time.

Take inventory of your insurance coverage

If you haven't done it in a while, take the time to review your different insurance coverages, from your



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home and car insurance to your life and disability insurance. At each stage of life, there are different types of insurance coverage that a family may require. Take the time regularly to check in and see if you're properly protected with an Insurance Needs Analysis. And while you're at it, it's a good opportunity to review the beneficiaries on your life insurance policies to ensure that they are still valid.

Of course, insurance is something we buy hoping we'll never need it, but we are extremely grateful to have it when the unexpected arrives. Two years ago, I did a review of my home insurance and realized that I only had basic water damage coverage. I added an additional protection rider, and less than nine months later it was that rider that covered a flood in my basement.

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Spring Cleaning our homes generally leaves us feeling a sense of lightness and freedom. Financial Spring Cleaning can multiply that feeling exponentially, but also protect us from financial loss and reduce financial anxiety. Take the opportunity to check in with your banker or wealth manager to ensure your financial house is tidy and well-organized.



Note: For more tips and insights on managing your wealth, follow me on my Facebook page **Richardson Wealth - Ephtimios MacNeil Wealth Management**.

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