



# Remodeling Your Financial House

Each year it seems, triggered by the lengthening days and the smell of early spring in the air, we find ourselves compelled to make changes. We look around our homes and think about fresh coats of paint, adding the deck we've always wanted, or having skylights installed to let in that bright spring sunshine. As much as your home may be ready for a freshening up after those long winter months, your financial house might need some touching up itself.

A solid spending and savings plan combined with sensible debt repayment are the firm foundation of your financial house—and the first step toward wealth and security. Maintaining and remodeling your plan as necessary, though, is the critical second step. Even the most beautiful and solid homes need occasional refurbishment to take care of any wear and tear caused by changes in climate—economic climate, that is.

## **Nail down that emergency fund**

If you haven't put an emergency fund in place, now is the time to do it. If you have, examine your progress to see how far you've come. Remember, to really protect yourself in an emergency, have at

least three months worth of essential expenses set aside somewhere liquid.

## **Add an addition to your retirement plan**

Give yourself a well-deserved pat on the back if you're saving for retirement in your company-sponsored plan. But if you are saving less than 10% of your gross income because of past limitations, revisit your contribution and bump it up to what you can afford today.



## **Revisit the structural integrity of your investments**

Have you checked the performance of all your investments lately? If you began investing in the 1990s, you may have mutual funds drooping with high tech or other under-

performing, lackluster stocks. You may want to reallocate some of that money into different type of funds. As always, do your own research and talk to a trustworthy professional before making drastic decisions.

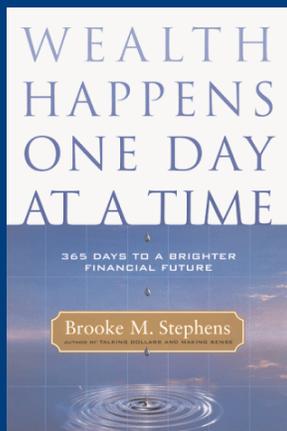
## **Patch the holes in your insurance coverage**

Insurance is typically "bought-then-forgotten." Review the coverage for all your insurance plans. You may have too much and are wasting money, or too little and won't be adequately covered in the event of an emergency. If you have life insurance, make sure your desired beneficiaries are up to date – if your former spouse is still one, but your new child is not, you'll probably want to make an adjustment. What about that supplementary disability insurance you promised yourself? 30 percent of Americans will experience a disability in their lifetime, and a typical employer-sponsored plan will cover only 60 percent of your income.

## **Hammer out a plan to protect your family's future**

Almost two thirds of Americans die without a will. There's always tomorrow, right? But if you never get around to it, the state, not you,

# Recommended Reading



## Wealth Happens One Day at a Time: 365 Days to a Brighter Financial Future By Brooke M. Stephens

Looking for a common sense guide to personal finance?

Fed up with financial management books that seem written for financial professionals? Look no further.

Written by a financial planner with a solid understanding of human behavior and motivation, *Wealth Happens One Day at a Time* covers all of the core concepts of personal financial management.

Stephens' use of exercises, case studies and motivational examples combine to make this an extremely palatable read. Her style is straightforward, down-to-earth and jargon-free. Check this out for an easy-to-follow, day-by-day plan for financial success.

decides who gets your assets – including custody of your children. Since no one can predict the future (sorry, Psychic Friends Network), make the time now to write at least a simple will. Though usually done with a lawyer, also check out the many do-it-yourself legal guidebooks and software.

If you have built up significant assets – over a million dollars in 2002 – and the thought of the government taking over half of its value in taxes makes you seethe, you may want to chat with an estate planner. Certain trusts can save your heirs from paying a huge

tax bill and may even get your name on your university wall.

The remodeling you need to do to your financial house is, of course, dependant on your individual situation. If you are repaying consumer debt, for example, look at your balances now as compared to when you first committed yourself to repaying them. Or, if you promised yourself that you would begin a college savings plan for your children but haven't yet, now may be the time. The point is to learn from the past while keeping an eye on your present and future. And keep up the good work!

## The Dollar Value of True Love

With spring in the air, many minds turn to romance...and weddings. If there is a wedding in your future, you'd better start saving now! Check out these wedding cost fast facts:

- Planning on popping the question? The average engagement ring, according to *Bride's Millennium Report*, costs just over \$3000.
- According to the Association of Bridal Consultants, the average wedding nationwide costs about \$17,500. In large metropolitan areas, that cost soars to \$35,000 or more.
- *Bride's* magazine reports the average cost of a honeymoon to be over \$3600.

Even if you're just planning on attending a wedding this season, you might want to sock away some funds.

- According to *Bride's* magazine, an average wedding gift will run you anywhere from \$70 to \$100.

**"We are what we repeatedly do. Excellence, then, is not an act, but a habit."**

– Aristotle