

Spring clean your finances and polish up your portfolio

by Stephen Davis

As we transition into warmer weather, many of us have the same item on our agenda — spring cleaning. This year, however, don't limit yourself to just cleaning your home. Instead, consider including your finances as well. Think of it as a time to review the status of your financial well-being and a chance to organize your finances. The following are some tips that can help spiffy up your financial house:

Shred old financial documents

If you are like most people you have been keeping documents for years. With identity theft a real possibility, many are afraid to toss anything with personal information. Shredding can be a great alternative so look through your papers and get rid of documents that you no longer need. The IRS recommends keeping tax documents, such as returns, records on deductions and similar, anywhere from three to seven years. You can visit www.irs.gov to learn more.

Reduce your debt payments

Most people do not realize that they can negotiate the interest rates on their outstanding debts. Comparing rates between your debtors and their competitors once a year can give you the information necessary to help you negotiate a rate reduction and save some significant money.

Establish a budget

I know you have heard this before but it is worth repeating — establish a budget — and now is a great time to start. If you have never created a budget before, it could be a bit overwhelming. Consider using resources such as Mint.com. The site can provide a starting point as well as comparisons for your expenses in an effort to help you determine areas where you may be overspending.

Plan for retirement

If you already have a retirement savings account, make sure you are contributing the maximum amount possible or taking advantage of any employer-matching program. If you do not have a retirement savings account through work or want to contribute even more, consider opening an individual IRA or a Roth IRA.

Create or review your estate plan

As you have witnessed with the recent, unfortunate passing of Prince, not having an estate plan can lead to chaos for your loved ones. Having an estate plan in place is a way for you to prevent probate and provide an orderly transfer of your assets. If you already established an estate plan, now is good time for a review and make changes if necessary, especially if you've seen a big change in your life recently such as a birth or death in the family or changes in marital status.

Compare your insurance costs

Are you paying the best rates for your insurance? If you don't know the answer, now can be a good time to find out. Review your current insurance policies for your home, vehicle, health, long-term care, life insurance and more to see if you are paying too much. This could lead to some significant annual savings.

Spring cleaning should go beyond clearing out your closets and organizing your cupboards. Consistently updating and maintaining your financial plan can help keep you on the right track so that you can reach your financial goals and live a safe and secure retirement.

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