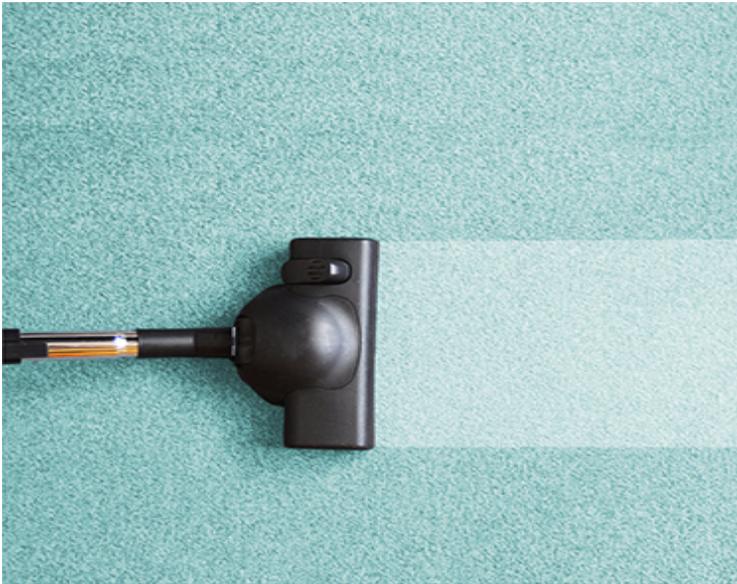




DAILY WORTH

Your Guide to Spring Cleaning Your Finances

By [Nancy Mann Jackson](#) March 16, 2016



Ahh, Spring

Spring is just around the corner. It's the time of year for sweeping the dead leaves off the porch, scrubbing the windows, and clearing the cobwebs. But don't stop with your physical spaces. Spring is also a perfect time to clean up your finances: You're likely dealing with your taxes anyway, so why not take the opportunity to tidy up the rest of your financial picture?

By being proactive this spring, you can start good financial habits that will help you make gains throughout the year, says Thomas O'Connell, president of [International](#)

Financial Advisory Group. Here are five steps to get you on the way to mess-free finances.



Lay It All Out

Before you start cleaning, you'll need to get the lay of the land — just like how you might spread out everything you had stored in your garage or closet to see what you're dealing with. In this case, start by looking at the big picture of your spending and saving.

“People always know what's coming in but rarely what's going out,” O’Connell says. “Understanding that and making even the slightest change can add hundreds of thousands of dollars in savings and accumulation in the future.”

If you don't already have a budget, now is the time to make one. Look back at everything you've spent for the past month — or the past several months. Once you figure out where your money is going, you can decide whether to cut some spending in order to save more or pay off debt (and find out if you've left crucial items out of your spending plan). Money management apps like Mint and Level Money can make it easier to keep up with what you're spending.

As you review your spending, look for inefficiencies, O'Connell says. Check to make sure you aren't withholding too much in taxes and "giving the IRS an interest-free loan for the year," and that you're taking all the deductions and exemptions that you can. "These are the simple things that will have an immediate impact," he says.

Now that you have a big-picture view, you're ready to start purging unnecessary items or expenses.



Dust Off Your Monthly Bills

Much of your spending might be fixed. Rent is rent, after all. But in some cases, bills are flexible, and you could be paying for services without even knowing it.

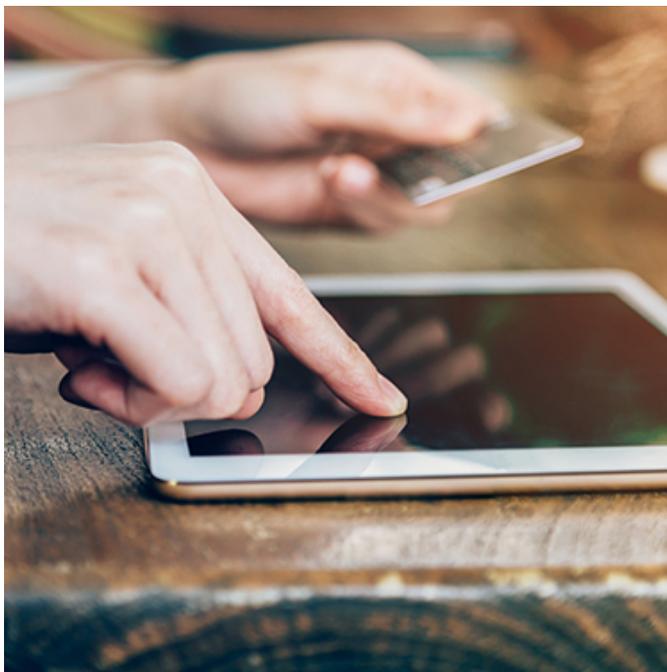
"Check your utility bill for inconsistencies, and assess whether your current cable and cell plans are taking advantage of the latest promotions available," says Rob Wolfe, CFP, managing director at United Capital.

Keep in mind that companies sometimes make mistakes, so you should compare your electricity bill to the actual meter, Andrew Rafal, president and founder of Bayntree Wealth Advisors says. You also may be able to lower utility bills by using less energy. For example, make sure your water heater isn't set too high (120

degrees Fahrenheit is recommended by the Consumer Product Safety Commission), and unplug appliances when you're not using them. The amount you can save by unplugging appliances varies depending on the types of appliances and how many you have plugged in, but you can measure the exact amount of power each appliance is using with a \$22 Kill-A-Watt monitor.

Review your Internet, phone, cable, and other bills to see if you're paying for services you no longer use (cough, landline). In many cases, if you call the provider and ask to be switched to the current promotional pricing, you can get the intro rates being offered to new customers.

Also be sure to check in on any other recurring bills you're paying for — things like Netflix, magazine subscriptions, and memberships. If you no longer use them, why keep paying for them? Figure out how to cancel and start saving that money.



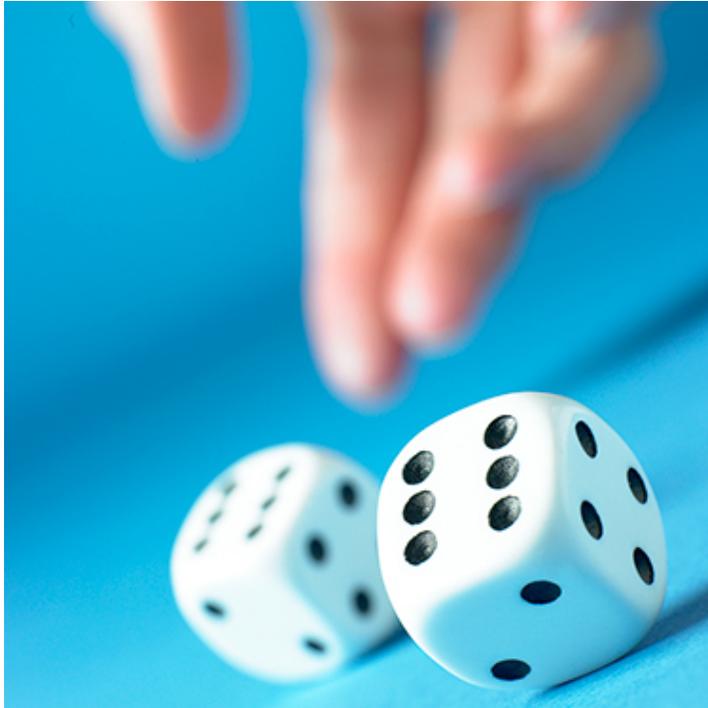
Clean Up Your Credit

First things first: If you're carrying a balance, make paying it off your top priority, especially if you're at or over 30 percent of your limit.

Then check your interest rates. If you're paying a high-interest rate, consider consolidating to an account with a lower rate. Rather than closing credit

card accounts with high interest rates — which could hurt your credit score — simply pay them off and stop using them.

While you're at it, "keep an eye out for fraudulent charges, double charges, unwanted subscriptions, and other items that you may have missed in subsequent billing statements," Wolfe says.

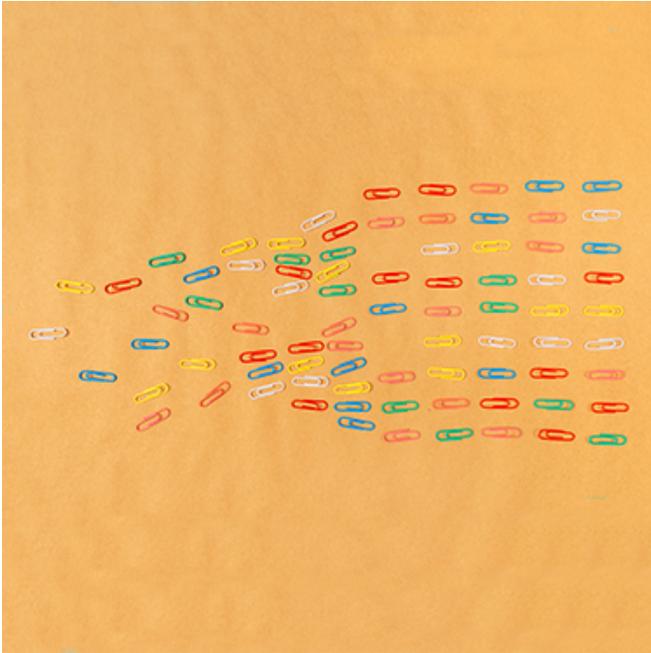


Polish Your Investments

Even if your employer manages your retirement account, it's a smart idea to keep tabs on your money by carefully reviewing your investment statements.

Look for what you're paying in fees and taxes — the average is about 1 percent for a 401(k) plan, according to the [Center for American Progress](#) — and the amounts you're earning in dividends and interest, and figure out if there are ways to maximize earnings while minimizing costs. For instance, you may be able to switch to a plan with lower fees. A financial planner can help you if needed.

You might also save money by ditching your financial advisor and [using a robo-advisor](#).



Organize, Organize, Organize

Once you've gotten a handle on where your money's going and how you can keep more of it, create a file system to stay on track and organized. "There's nothing worse than needing documents for tax filing or home purchasing and being unable to find what you need," Rafal says. Plus, being organized means next year's spring cleaning will be easier.

Even if you pay most of your bills online, you need to keep some paper documents, such as contracts, receipts, bank statements, and wills or trusts ([here's a roundup of which financial docs you should and shouldn't throw out](#)).

Get everything organized online, too. Rafal recommends linking your credit cards, bank accounts, and investment accounts within aggregation software, such as [Personal Capital](#), [eMoney](#), or [Mint.com](#).