



Financial Literacy Month

30 Steps to Financial Wellness



April is Financial Literacy Month. This is a chance to reflect on the state of your personal finances and an opportunity to improve those finances, one step at a time.

Moneymanagement.org suggests 30 steps to help you identify your money weaknesses and turn them into strengths.

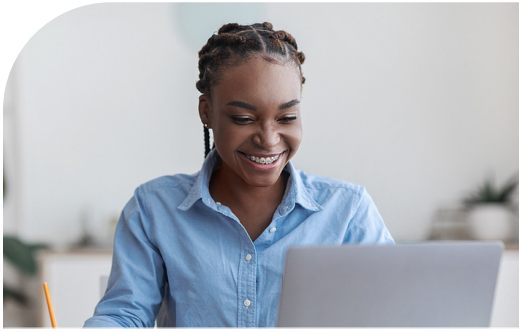
Let's get started!

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800.834.3773

Claremont can help at any step in your financial planning journey.



Call Claremont at **800-834-3773** to access your free and confidential financial consultation.



Celebrate Financial Literacy Month by committing to these 30 steps:

STEP 1: COMMIT TO CHANGE

The first and most important step in developing and following a financial plan is to examine your attitudes about money. Are you ready to accept responsibility for changing your financial situation? Do you believe that you can and will change the way you make financial decisions? Can you identify at least one benefit you hope to gain by changing your money management behavior?

STEP 2: ASSESS YOUR FINANCES

How are you doing financially? What are your strengths? What are your areas of improvement? This is a great opportunity to be honest about your relationship with money. Write down your feelings and findings.

STEP 3: CLEARING OUT THE FINANCIAL CLUTTER

Getting your financial house organized is a great way to begin on your path toward financial wellness. But before you bulldoze that pile, you should know that some things are worth hanging on to. The key is to know what to keep and what to toss.

STEP 4: SET YOURSELF UP FOR SUCCESS

While all members should be aware of the family's overall financial situation, choosing one person to conduct the day-to-day financial tasks is a good way to stay on top of things. The appointed individual should be organized and a good communicator. They should be given uninterrupted time to do their tasks effectively.

STEP 5: GET COPIES OF YOUR CREDIT REPORTS

Your credit reports can provide a snapshot of your overall financial situation. Reviewing your credit reports for accuracy can also help you to identify errors or fraudulent activity. Fortunately, it is easier than ever to obtain copies of your reports. The FACT Act gives every consumer the right to a free credit report every year from each of the three major credit bureaus: Equifax, Experian and TransUnion.

STEP 6: CLEAN UP YOUR CREDIT REPORT

If you find an error on your credit reports, you'll need to know your rights. Your most effective weapon in dealing with the credit bureaus is the Fair Credit Reporting Act (FCRA). Legally, the FCRA protects you by requiring credit bureaus to furnish correct and complete information to companies requesting credit histories for evaluation.

STEP 7: MAKE YOUR MONEY COUNT

To develop an accurate picture of the amount of money you will have in the future, take a look back. Decide if your income will be from the same or from different sources and the amount of income you can expect to earn in the future.

STEP 8: IDENTIFY YOUR STARTING POINT

Calculating your net worth is as simple as comparing what you owe (liabilities) and what you own (assets).

STEP 9: REVIEW YOUR DEBT SITUATION

Freedom from debt is an achievable goal for every family. The first step in regaining control is to take an honest look at your existing obligations.

STEP 10: SET YOUR PRIORITIES

Creating a list of needs and wants can help you establish your financial priorities.



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STEP 11: SET SMART FINANCIAL GOALS

Before you think about setting goals, review the five parts of SMART goals.

S A smart goal is **specific**. It pinpoints something you want to change to achieve.

M A smart goal is **measurable**. You can measure or count a SMART goal.

A A smart goal is **achievable**. Setting goals too high can lead to frustration.

R A smart goal is **rewarding**. Reaching the goal should be a reward for your hard work.

T A smart goal is **trackable**. Set milestones and schedules for your goals.

STEP 12: SET SHORT-, MID-, AND LONG-TERM GOALS

Personal financial goals will differ in the length of time needed to achieve them. Short-term goals are priorities that can be accomplished within two years. Be sure every goal has a specific purpose, a dollar amount that it will cost, and a realistic target date.

Mid-term goals are priorities that can be accomplished within two to five years. Make sure your goals are realistic and flexible. If you set your goals too high, frustration will keep you from reaching them.

Long-term financial goals are priorities that may take more than five years to accomplish. Most long-term goals require regular savings.

STEP 13: PAY DOWN YOUR DEBT

There are two popular methods that people use to tackle debt.

The first is to concentrate on paying off the debt with the smallest balance first (never forgetting to make required payments to all debts, of course). After that balance is paid, you can then apply that payment to the card with the next smallest balance and continue the process until all debts are satisfied. This method can be rewarding because you see progress quickly.

The second popular method is to first concentrate on repaying the debt with the highest interest rate. This method will save you the most in interest charges over time. Regardless of the method you choose, be patient and persistent.

STEP 14: EXPECT THE UNEXPECTED

Unfortunately, bad things sometimes happen to good people. In fact, bankruptcy filers often cite an “unforeseen” event as the cause of their financial demise. In addition to long-term savings, financial experts agree that consumers should aim to have three to six months of living expenses saved for emergencies. By learning to expect the unexpected, you can keep a minor financial setback from turning into a major financial crisis.

STEP 15: SECURE YOUR FINANCIAL FUTURE

Don't despair if you are behind on your retirement goals. If it is any consolation, you aren't alone; studies show many households are not adequately prepared for retirement.

STEP 16: MAKE A COMMITMENT

One trick to keeping your financial goals is to remind yourself of your goals on a regular basis. Document your high priority goals and post them where you will see them every day.

STEP 17: SAVE FOR YOUR GOALS

Most likely, reaching your financial goals will require you to commit to saving. That is one reason saving is an essential part of any money management plan. Set money aside each month to save for your short-, mid-, and long-term goals. If you are having trouble establishing a nest-egg, don't despair.

STEP 18: FOLLOW WHERE THE MONEY GOES

For most people, financial health doesn't depend on how much they earn, but how much they spend. To help you find out where your money is going, the next three steps involve tracking expenses.

STEP 19: IDENTIFY AND DOCUMENT FIXED MONTHLY EXPENSES

Fixed expenses are those that do not vary from month to month. Examples of fixed expenses include car payments and mortgage or rent payments. Fixed expenses are the most difficult to manipulate.



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STEP 20: IDENTIFY AND PLAN FOR PERIODICS

You may have a good idea of where the money is going on a day-to-day basis, but before you start working on a spending plan or budget, it is important to call attention to the top budget breaker: periodic expenses. Periodic expenses are those that are not paid on a regular monthly basis. For example, both holiday and tax debts are periodic, meaning they are not part of regular monthly expenditures. In that regard, they join the ranks of other expenses such as auto registrations and vacations.

STEP 21: DOCUMENT YOUR SPENDING

It's time to record all of your expenses - fixed, periodic, and variable - and see where your income and expenses meet (or possibly fail to meet).

STEP 22: IDENTIFY WAYS TO REDUCE SPENDING

To create a balanced budget or increase savings, most people will have to find a way to earn more or spend less. If the idea of spending less sounds challenging, try starting small. In addition to making small changes, resolve to boost your savings by including all of your "windfall" money. This "free money" includes increased income from a pay increase, birthday gifts, insurance settlements, escrow overages, tax refunds, and inheritances.

STEP 23: SAVE MONEY ON GROCERIES

Saving money on groceries doesn't have to be hard work. Making just some small changes can net big rewards to your pocketbook. Simple changes in the way you plan and shop can help you reduce the amount you're spending on groceries.

STEP 24: SHARE A TIP FOR CHANGE

When you identify ways to reduce spending, you are being honest with yourself about your finances. Being honest with yourself and others about your finances will ensure your success.

STEP 25: DOCUMENT YOUR DESIRED SPENDING

Now that you have identified some areas where you would like to make some changes, it is time to revisit your budget. Remember, this is not about sacrifice; it is about making choices to help you achieve your goals. After you have made adjustments, you can move forward using this spending plan as a road map for achieving your goals.

STEP 26: PROTECT YOURSELF BY PERFORMING FINANCIAL CHECK-UPS

Being in charge of the family's finances is an awesome responsibility. In addition to providing your family with the basic necessities of life, you may feel responsible for their overall financial well-being. One of the best ways to care for your family is to be sure that you are prepared if something were to happen to you or another member of your family.

STEP 27: UNDERSTAND THE COST OF CREDIT

It is important to carefully weigh your options before making a credit decision. When you sign or cosign an application for credit, you are agreeing to all its terms. Moving forward, commit to understand everything to which you are agreeing.

STEP 28: ASSEMBLE A FINANCIAL TEAM

Managing your finances can be like putting together a puzzle; all the pieces need to fit in order to be rewarded with the "big picture." Working with one or more financial professionals can help put the pieces in place.

STEP 29: APPRECIATE THE BENEFITS

Change may be hard, but the payoff can be priceless. In addition to improving your financial situation, you may also find your money management skills can benefit other aspects of your life.

STEP 30: KEEP MOVING FORWARD

Congratulations! You have given a great deal of thought to your financial situation, your spending habits, and the change process. You now have the knowledge necessary to make positive decisions that will ensure a successful financial future.

SOURCE: www.moneymanagement.org



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