

# Checking Your Financial Well-being

1st January 2020

No matter how good you are with your finances, it makes sense to conduct a financial well-being check at least once a year. Whether you do this as part of your New Year's resolutions or use another milestone like your birthday as a reminder, taking a step back to assess where you are financially and making any adjustments you need can set you up for success.

## Evaluate where your finances are right now

It's important to get a snapshot of where your finances stand in order to make plans for the future.

Has your income increased or decreased in the last 12 months? If your income has changed, it may be time to recalibrate your spending. Take a look at your budget. If your income has gone down, where can you cut unnecessary expenses to save yourself more money? If your income has increased and you're not feeling squeezed for money every month, can you use that additional money to do things like pay down your debt or increase your contribution to your retirement account?

Are you expecting any major expenses in the next 12 months? This can include things like a wedding, buying a house, renovations and home improvement projects, or school fees for your children. Write these down.

Check your credit score. This is a number that assesses how much of a credit risk you are. This is important because it will impact how likely it is that you can get major loans such as a mortgage or a car loan. You can request your credit report from two major credit bureaus: [Equifax](#) or [TransUnion](#). This will also allow you to correct any errors.

Set your goals

Can you save more in your emergency fund? Financial experts recommend having 6 to 12 months of living expenses saved in an account you can easily access in case you go through a major life change such as the loss of a job.

Do you need to save for major expenses? After you wrote down your major expenses for the next 12 months, it's time to decide how you're going to pay for them. For most of us that

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means setting more money aside over a long term.

Can you pay off more debt? If you have a credit card balance, consider making some adjustments so that you can pay it down and stop paying for expensive interest on your balance.

Are you saving enough for your retirement? If you have a retirement account, it's worth looking at whether you can increase your contribution (unless you are already at the maximum). If you don't have long-term retirement savings, this is the time to start. The money you put into retirement savings can be some of your most valuable investments later in life because of compound interest—the interest you earn each year that is added onto your principle, growing your balance faster. The longer your money has to accrue compound interest, the more valuable it will be when you retire.

Do you have insurance? If you own a home or car, now may be a good time to shop around for the best rates on homeowners and car insurance.

## **Make your money work harder**

Use your phone's calendar alerts to shop smarter. Using alerts to remind you when the contracts for services such as your mobile phone, broadband, TV, gas, and electricity are about to end can help you save money. Set the alerts a few weeks ahead of the contract's termination date so that you have time to shop around and compare rates.

Review your recurring subscriptions. It's easy to subscribe to a streaming service like Netflix or Spotify and then forget about it, all while continuing to pay. Many of us also take out gym memberships, but find ourselves paying for a service we never use. At least once a year, go through your bank and credit card statements to look for those payments. If you aren't using the service regularly, cancel it.

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