

FRESHEN UP YOUR FINANCES: 5 STRATEGIES TO 'SPRING CLEAN' YOUR ACCOUNTS



By: Jason Werner - May 9, 2024

As spring arrives, many embrace the warmer weather as an invitation to spend more time outdoors. For others, it's an opportunity to do some deep cleaning around the house. If you're among those who participate in spring cleaning, you might want to use this time to freshen up your finances, too.

It's fair to say all financial situations are different. Regardless of how simple or complex your situation may be, there are several ways you can 'spring clean' your finances. Here are five routine strategies to help get you started:

1. Tidy up your 2024 budget.

Many spend money without having any strategy in place. Use this time to review your current budget or put one in place. Start by mapping out major expenses like home and auto costs and deduct that from your paycheck. Then set aside some money for savings. Any money you have left over can be spent on something you enjoy. This will allow you to visually see where your money is going. Once you know how your money is being spent, you can identify your spending habits, cut out unnecessary expenses and develop future goals for financial stability.

2. Contribute to your savings.

Building your savings is something you should be doing all year long, but if you're not, it's a great time to start. A good rule of thumb is to have at least three-to-six months' worth of expenses saved. Once you've got your budget in place, figure out how much you can afford to contribute to savings and stick to it. To make it easier, get with your employer or an advisor and have a portion of your paycheck deposited directly into your savings or investment account. This will ensure you're saving consistently, plus you'll be surprised at how much you accumulate over time.

3. Deal with your debt.

Debt is a financial burden no one wants to deal with. Take this time to pay it down if you can. If you have loans from multiple lenders, consider consolidating them into one payment. If you decide to consolidate, be sure to consult with a financial advisor or your lender to see how your interest rates will be impacted. Unpaid debts accumulate interest which can add up over time, so if you can afford it, try to pay off small debts.

4. Check your credit reports.

Credit scores carry a lot of weight. If your credit score is low, you may have trouble getting a home or auto loan, or even renting an apartment. Equifax, Experian, and TransUnion offer free annual credit

checks each year. Take this time to see how your credit score has changed. If it's dropped, figure out why and take steps to raise it. Paying your bills on time is one of the most important ways to increase your score. Consider putting your bills and credit card payments on autopay. This can help prevent you from being late or missing a payment. When it comes to credit cards, know your limit and aim to charge no more than 30% of that limit if you can.

5. Refresh Your Retirement Savings.

Saving up for retirement is a decades-long process and how much you have saved could be the difference between retiring at 62 or 68. If you haven't been, maximize your retirement dollars in the appropriate accounts, especially something like a 401k employer match if offered. If you can successfully save up to the max, talk with a financial professional about starting a personal brokerage account or purchasing a cash-value life insurance policy.

Incorporating these strategies into your financial spring cleaning can help you maintain or improve your financial situation. Once you've got a good grasp of your financial standing, you can set financial goals for the future and work towards achieving them.

Jason is the founder of Werner Financial in Indianapolis, Indiana. He has over 10 years in the industry as a registered investment advisor. Werner Financial aims to be the advisor on your team that helps you achieve all the goals you have set for yourself, your business, and or your family.

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