Start With a Fresh Page

Henry Ward Beecher got it right when he advised us to begin the New Year with **“a fresh page.”** In money matters, we get a new financial page at the beginning of every year. January gives us permission to begin fresh, setting aside the financial omissions and errors of the past. Plus we get the opportunity to plan to do things better in the future. **“It’s never too late”** to begin a good strategy.

What are the most important financial tasks to be addressed at the beginning of the year? Of course, it depends on your age, goals, and situation. But let’s highlight just three simple tasks that everyone should tackle at the beginning of year. Perhaps success on these tasks will encourage you to take other actions during the New Year to improve your finances.

DETERMINE YOUR NET WORTH: This is a simple exercise which can illuminate important financial goals and actions you need to take in the next year. Net worth is calculated by adding up the value of your assets (cash, investments, home, car, etc.) and subtracting your liabilities (mortgage, car loans, credit card balances and other outstanding debt). It’s like a financial report card, alerting you to whether you are building financial security or sinking further into debt. Ideally, you want to see net worth go up every year but the reality can be far different. Once you know where you stand, you can plan actions within your control to improve your situation.

REBALANCE YOUR PORTFOLIO: What’s a portfolio? The technical definition is: financial assets such as stocks, bonds and cash equivalents. The theory is that everyone needs some of each asset type, the percentage being relative to age and circumstances. Generally, as we age we should devote more of our portfolio to bonds, to stabilized value and support the cash needs which come with retirement. A review of asset percentages should occur at least once a year, probably accompanied by selling stocks and investing more in bonds. Reallocation in retirement accounts (IRAs and 401Ks) is very important.

DEFINE YOUR FINANCIAL GOALS: Research shows that writing financial goals dramatically increases the likelihood of accomplishing them. The goal(s) should be clear and specific and include an intended path of action. Your financial goal might be, “I will set aside $100/month to reduce debt by cooking six more meals at home each month.” Be realistic about how much you can accomplish and plan a method for tracking results.

If these tasks seem a little daunting, the Library has help. On (fill in date and time), *Common Cents for Colorado* will offer a workshop entitled “Start with a Fresh Page.” There will be worksheets to get you started, time for questions, and checklists to point you beyond the tasks mentioned here. You can register on line at (fill in website and instructions) or call the Library at (fill in telephone #).

“**No time like the present”** to begin some good financial planning for 2017.