

Keys to Financial Success

Although making resolutions to improve your financial situation is a good thing to do at any time of year, many people find it easier at the beginning of a new year. Regardless of when you begin, the basics remain the same. Here are my top ten keys to getting ahead financially.

1. Get Paid What You're Worth and Spend Less Than You Earn

It sounds simplistic, but many people struggle with this first basic rule. Make sure you know what your job is worth in the marketplace, by conducting an evaluation of your skills, productivity, job tasks, contribution to the company, and the going rate, both inside and outside the company, for what you do. Being underpaid even a thousand dollars a year can have a significant cumulative effect over the course of your working life.

No matter how much or how little you're paid, you'll never get ahead if you spend more than you earn. Often it's easier to spend less than it is to earn more, and a little cost-cutting effort in a number of areas can result in big savings. It doesn't always have to involve making big sacrifices.

2. Stick to a Budget

One of my favorite subjects: budgeting. It's not a four-letter word. How can you know where your money is going if you don't budget? How can you set spending and saving goals if you don't know where your money is going? You need a budget whether you make thousands or hundreds of thousands of dollars a year.

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3. Pay Off Credit Card Debt

Credit card debt is the number one obstacle to getting ahead financially. Those little pieces of plastic are so easy to use, and it's so easy to forget that it's real money we're dealing with when we whip them out to pay for a purchase, large or small. Despite our good resolves to pay the balance off quickly, the reality is that we often don't, and end up paying far more for things than we would have paid if we had used cash.

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4. Contribute to a Retirement Plan

If your employer has a 401(k) plan and you don't contribute to it, you're walking away from one of the best deals out there. Ask your employer if they have a 401(k) plan (or similar plan), and sign up today. If you're already contributing, try to increase your contribution. If your employer doesn't offer a retirement plan, consider an IRA.

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5. Have a Savings Plan

You've heard it before: Pay yourself first! If you wait until you've met all your other financial obligations before seeing what's left over for saving, chances are you'll never have a healthy savings account or investments. Resolve to set aside a minimum of 5% to 10% of your salary for savings BEFORE you start paying your bills. Better yet, have money automatically deducted from your paycheck and deposited into a separate account.

6. Invest!

If you're contributing to a retirement plan and a savings account and you can still manage to put some money into other investments, all the better.

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7. Maximize Your Employment Benefits

Employment benefits like a 401(k) plan, flexible spending accounts, medical and dental insurance, etc., are worth big bucks. Make sure you're maximizing yours and taking advantage of the ones that can save you money by reducing taxes or out-of-pocket expenses.

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8. Review Your Insurance Coverages

Too many people are talked into paying too much for life and disability insurance, whether it's by adding these coverages to car loans, buying whole-life insurance policies when term-life makes more sense, or buying life insurance when you have no dependents. On the other hand, it's important that you have **enough** insurance to protect your dependents and your income in the case of death or disability.

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9. Update Your Will

70% of Americans don't have a will. If you have dependents, no matter how little or how much you own, you need a will. If your situation isn't too complicated you can even do your own with software like WillMaker from Nolo Press. Protect your loved ones. Write a will.

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10. Keep Good Records

If you don't keep good records, you're probably not claiming all your allowable income tax deductions and credits. Set up a system now and use it all year. It's much easier than scrambling to find everything at tax time, only to miss items that might have saved you money

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