

BlackEnterprise.com Financial Fitness Checklist

If getting your finances in order is at the top of your to-do list this year, BlackEnterprise.com developed a resource just for you. This personal financial checklist will help you on a way to a prosperous 2009.

_____ **Outline a goal.** Financial goals should be intertwined with life goals. For example, if you want to send your child to college in 18 years and project it will cost \$200,000 to do so, make your goal to save a little more than \$11,000 a year for the next 18 years.

_____ **Create a line item budget and stick to it.** Add up your monthly fixed costs and actual expenditures. Compare this with your income to make sure you aren't overspending. Review receipts and bank statements for information on where expenses can be scaled back or cut off all together. Check out [Bankrate.com's printable budget](#).

_____ **Track your spending.** If you don't have online banking, sign up. This will allow you to thoroughly review all your transactions weekly, and look for bad spending habits. It will also help prevent overdrafts.

_____ **Start an emergency fund.** Plan to save at least six to nine months of living expenses in case of an emergency.

_____ **Lower your interest rates.** If your credit cards have high interest rates, call the issuer to negotiate a lower rate. If that doesn't work, consider a balance transfer.

_____ **Use cash.** Stop creating unnecessary debt. If you can't pay cash for it, chances are, you don't need it.

_____ **Shore up your retirement savings.** Maximize contributions to your 401(k), 403(b) or 457 retirement plan. Beginning Jan. 1, you can contribute up to \$16,500, and if you're over the age of 50, the maximum is \$22,000. Visit [401k.com](#) for more information.

_____ **Review your portfolio.** You or your financial planner should revisit your Investment Policy Statement (IPS) to see if you need to make any changes to the asset allocation. An IPS is a written document that articulates the investor's overall investment goals and how those goals will be accomplished.

_____ **Contribute to an IRA.** Besides socking money away in an employer-sponsored retirement plan, consider contributing to an IRA or Roth IRA. If you have a traditional IRA, consider a Roth IRA conversion if your adjusted gross income is under \$100,000.

_____ **Do a year-end tax projection.** If you do tax projections four times a year, that could help reduce the odds of surprises come tax season. It's especially important for those who have to pay AMT (alternative minimum tax), exercise stock options, or have income from multiple sources.

_____ **Become an expert.** Pick one area related to your personal finances and work on gaining a deep understanding of it this year. You can start with a line by line reading of your mortgage or lease, or work on becoming knowledgeable about bonds, asset allocation or credit cards.

_____ **Get appropriate insurance.** As home equity lines of credit become less accessible to help through economic hardship, homeowners insurance has become more important. Know what your plan offers. Also, find out what your maximum payout is for health, auto, homeowners and all other insurances.

_____ **Build a relationship with creditors.** Work to reduce your debt by talking to your creditors. Ask them if they anticipate a change, if so, why? Find out if your line of credit will be lowered. If you've been going through a financial hardship, try to work something out. Communication is key.

_____ **If you have debt, create a plan to pay it down.**

_____ **Know your FICO score.** If you don't know your credit score, make it a priority to find out and raise your score if need be. Visit Equifax.com or Myfico.com for information on your score.

_____ **Request your credit report.** The Fair Credit Reporting Act allows you to get a free copy of your credit report once every 12 months. Visit Annualcreditreport.com, and be aware of the terms of agreement for companies that offer free credit reports.

_____ **Check your fear at the door.** Fear tends to create paralysis in terms of investing. Find financial opportunity within the turmoil, and go for it.

-- *Renita Burns, BlackEnterprise.com*