



7 Tips for Organizing Your Finances

How much do you owe? In other words what is the dollar amount of your total indebtedness? When will you be debt free? What is your current net worth? How much are you paying annually in interest? Do you know the exact amount in your savings and checking accounts? Are you saving on a regular basis? How much does it cost you to run your home for a month? If you do not know the answers to these questions, you are a candidate for some financial organizing. Follow these simple steps.

1. Add up everything you owe. Write down the amount owed, the monthly payment and the current interest rate. Figure out how much interest you are paying annually and how long it will take you to pay it off assuming you add nothing else to the account. Write down that date for each creditor.
2. Next, figure out where the money goes. Track how you spend every penny for a month. You may be surprised to see how much you spend eating out, or buying groceries or for entertainment. Decide where you can cut back.
3. Have a spending plan for each paycheck that accounts for all funds that you receive. If your take home pay is \$3,000 a month, figure out where every penny of that amount should be spent in advance. In addition to categories for fixed expenses such as rent or mortgage, include money for discretionary expenditures such as gifts and entertainment. Include saving for an emergency fund of at least \$1,000 and for periodic expenses such as insurance premiums so that unexpected expenses do not catch you unprepared and forced to rely on credit cards again.
4. Pay off your credit cards.
5. Balance your checkbook.
6. Establish your financial goals and plan ahead to save for them.
7. Use cash whenever possible. When the amount of cash designated for a particular category is gone, do without until you can save up for it. Learn to say "I can't afford it." If you are consistent in doing this for a while, you will be surprised how soon you can afford whatever you want.

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