

Ten Financial Resolutions

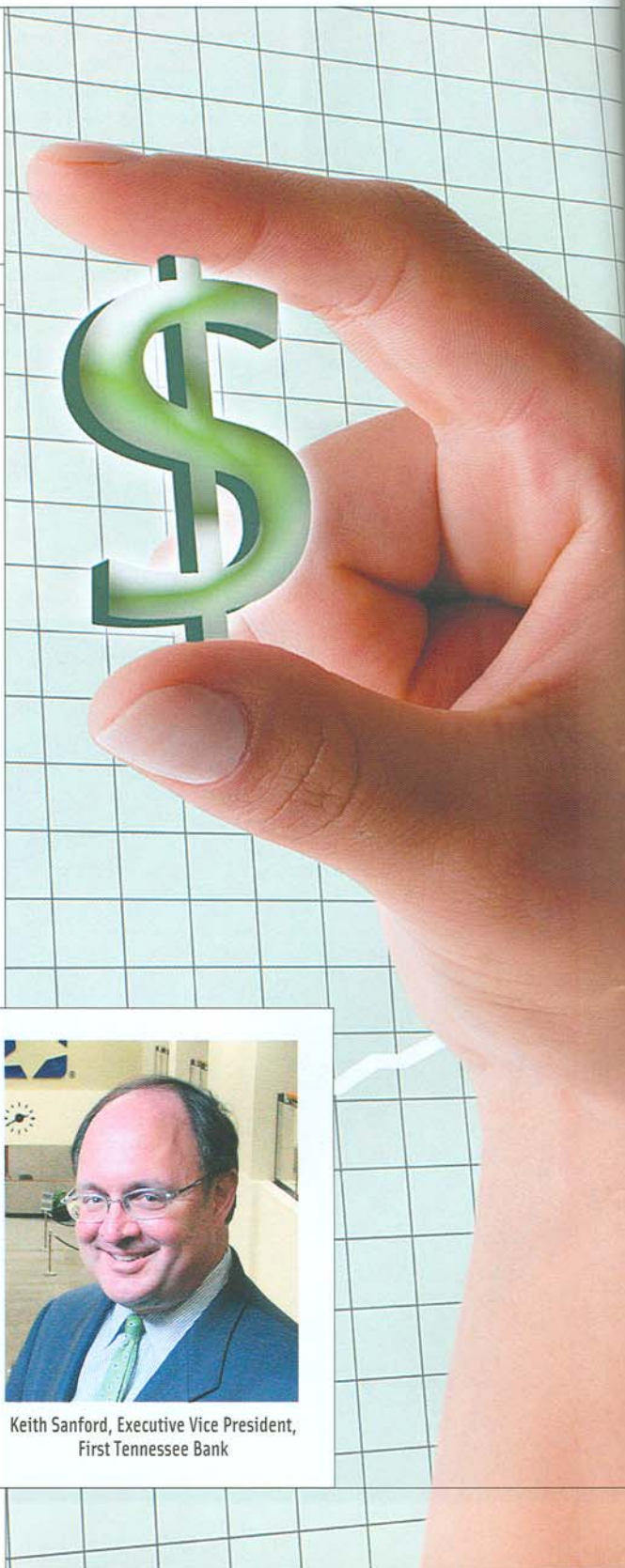
If you are among the 80% of Americans vowing to learn more about financial matters this year, here is a good place to start!

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To exercise more.
To stop smoking.
To lose some weight.
Although health-related resolutions always top the list, a recent survey conducted by TD Ameritrade suggests that seventy-five percent of Americans plan to make at least one financial-related resolution this month. If you resolve to improve your fiscal fitness this New Year, good luck! Keeping a financial resolution may actually require more willpower than shedding extra pounds.

ONE REVIEW YOUR CREDIT REPORT

"Everyone should review their credit reports once a year to monitor them for accuracy and possible fraud," says Linda Mosley, vice president and relationship manager at Cornerstone Community Bank. "I advise my clients to go to www.annualcreditreport.com, or call 877-322-8228 and order their free reports from Equifax, Experian, and TransUnion. I also recommend staggering the requests at four month intervals to keep a closer eye on what creditors are saying year round."



Luane D. Culpepper, Certified Financial Planner, Davis Financial Advisors, Inc.



Linda Mosley, Vice President and Relationship Manager at Cornerstone Community Bank



Keith Sanford, Executive Vice President, First Tennessee Bank

for 2010

TWO

MAKE A FAMILY BUDGET

Mosley urges her clients to gather all family members around a table and develop a family budget. "Making a budget and tracking expenses and income is an eye-opening experience for most people," she says. "It gives families a clear understanding of where the money goes each month. I recommend living by the budget for at least two months, then making necessary adjustments."

THREE

CONSIDER REFINANCING YOUR HOME

"Home mortgage interest rates are really low right now," Mosley adds. "If a family plans to live in their house for a few more years and can drop their rate by two points, they should consider refinancing to lower their monthly payments. They have to run the numbers—it may make sense if the lower payments will offset the refinancing fees and closing costs within a couple of years."

FOUR

PAY DOWN DEBT

"Make 2010 the year that you eliminate your credit card debt," Mosley emphasizes. "Make the commitment, and start paying it off today." She suggests prioritizing debt. "Pay your high interest rate debt first, and resist using your credit cards while you are paying down your debt."

FIVE

BUILD UP AN EMERGENCY FUND

Keith Sanford, executive vice president of First Tennessee Bank, suggests building-up an emergency

cushion. "Life throws curve balls, so all of us need an emergency buffer that could sustain our families for at least three months," says Sanford. "You want to be able to get your hands on it quickly, so keep it in a savings account or a money market account—earning a little interest."

SIX

SAVE FOR RETIREMENT

"Start saving for retirement as young as you can," says Sanford. "That way, you can take advantage of the power of compounding interest over several decades. And if your employer offers a 401(k) or retirement plan that matches contributions, then you should be contributing enough to maximize the company's match." Sanford recommends Roth IRAs. "Money you invest in a Roth IRA can be withdrawn in retirement with a zero tax bill," he says. "If you make too much to qualify for a Roth, then consider a traditional IRA."

SEVEN

SAVE FOR YOUR CHILDREN'S EDUCATION

"Start saving for your children's college education as soon as possible," says Sanford, the father of four children—three of whom are in college at the same time. "There are tax advantages associated with 529 plans," he says. "Your investment grows tax-free until your child enters college. Then, the money can be withdrawn untaxed to pay for his tuition." Sanford also suggests considering a Coverdell Education Savings Account.

EIGHT

GO GREEN

Sanford is a big fan of online banking and bill paying—not just because it is good for the environment, but because it is faster and easier. "Most banks offer online banking, bill pay, and paperless statements now," he says.

"Pay your bills wherever you are, with just a click of the mouse. It takes just a little time to set-up your payees, but you'll save so much time in the long run that it is worth every minute." Many banks also offer funds transfer from one account to another via the Internet. "Instant money transfers really come in handy when you have children away at college," he adds. Finally, Sanford suggests signing-up for e-bills and e-statements at participating companies.

NINE

AUTOMATE, AUTOMATE, AUTOMATE

Luane D. Culpepper, a certified financial planner at Davis Financial Advisors, Inc. encourages her clients to automate their deductions whenever possible. "Automatic deductions from your paycheck can save you time, money and help you achieve your savings goals effortlessly," says Culpepper. "You can use automatic deductions to save toward many different financial goals such as retirement, purchasing a home, and funding charitable donations. If you have your funds automatically deducted, you won't forget to save."

TEN

CONSULT WITH A CERTIFIED ADVISOR

Culpepper also suggests sitting down with a certified financial planner, to either develop a financial plan that suits your life and goals, or to evaluate your existing portfolio. "A financial plan is simply a roadmap to your future—a means of saving, investing, and growing your money to meet your specific goals," she says. "And make sure that you choose a professional who has been certified through Certified Financial Planner Board of Standards, Inc." To find a certified financial planner in your area, go to www.cfp.net. ♦