

Financial Wisdom Podcast – Establishing Good Financial Habits

Welcome to the Financial Wisdom podcast series – Take Control of your Financial Future.

In this session, we are going to cover ten good financial habits that can help you develop a solid financial foundation and help you reach all your financial goals.

We all tend to develop habits that provide a rhythm or structure to our daily lives. Once these habits are developed, they can be hard to break. Building good financial habits can provide a rhythm, or sense of control, for your financial life.

Let's start with some organizational habits.

Number One – Make sure your financial information and records are organized. Knowing where important financial information is located and having a system for paying your monthly bills will save time and aggravation.

Number Two – Prepare a household spending worksheet. The process of preparing your first one will help you identify potential areas for reducing expenses. Analyzing your spending on a regular basis will help you monitor your level of spending and develop a saving habit. Be sure to go through this process at least once a year.

Number Three – Prepare a personal balance sheet periodically.

Having a current, or relatively current, personal balance sheet can be handy when you are considering applying for a loan, and over time, you will be able to monitor your progress toward your long term financial goals.

Now, let's discuss some ideas for handling your day-to-day finances.

Number Four - Use direct deposit for your paycheck. This saves time and gets you money working for you faster. It is also safer. Your employer can provide the forms you will need.

Number Five – Use an automated savings plan to save for larger near-term purchases and long term financial goals. This involves having your financial institution or your employer transfer a set amount each month into your savings account for a vacation or a major purchase. It also includes participating in your employer's retirement plan to save for your retirement.

Number Six – Review all your bills and statements as soon as you receive them. Even if you are not going to pay the bills immediately, by reviewing your bills and statements you can identify and correct any errors. This also helps you better understand how you are spending your money.

Number Seven – Make credit card payments promptly and pay more than the minimum. Avoid late payment fees and reduce the interest you may owe on unpaid balances by making sure your payments arrive before the due date. Paying only the minimum will cost you more interest and it will take much longer to pay off the balance.

Number Eight – Be sensitive to fees. Some fees can't be avoided, but walking an extra block to use a fee-free ATM instead of choosing to use an ATM outside your network can be worth the effort. Also, be sure to understand any fees that may be charged on your checking or savings accounts based on minimum balances or excess transactions. There's no sense in paying fees if you do not have to.

Number Nine – Reconcile your checking account monthly. This avoids bouncing checks and fees that may be charged if your balance is too low. It is much easier to do this every month than to skip a month or two and then have to deal with multiple statements.

And finally, habit **Number Ten – Learn more about handling your finances.** The more you know, the easier handling your finances will be. Try to read the personal finance columns in newspapers, or perhaps even subscribe to a personal finance magazine.

The habit of a good breakfast may be a good start to your day. A few good financial habits can be the start of a good financial life.

Join us again for another Financial Wisdom podcast. And as always, thanks for listening.