

'Tis the season for financial management

Looking for ways to get on top of your finances in 2010? Especially in uncertain economic times, it is more important than ever to create a plan to get out of debt and prepare for the future.

So how do you get started? And how do you stick with it? Here are five basic rules to follow from Thrivent Financial Bank.

Rule #1: Know where your money is going.

This is perhaps the easiest, yet most overlooked rule. Look for online tools that can help you keep track of all of your financial accounts as well as your inbound and outbound payments. Half of the battle is understanding where your money goes each month so you can determine what changes you might need to consider.

Rule #2: Control your spending.

The best way to avoid debt is to stay out of it in the first place. Your best shot at doing so is making a habit of spending within your means. For example, many people make purchases that they can't afford today because they assume they will pay it off later with an anticipated pay raise or bonus. We always think that we're going to make more money next year, but it doesn't always work out that way. That's not to say you need to give up all the little extras or extravagances in your life. "Ask yourself the questions: 'Do I really need this, and is this important to me?' If the answer is no or maybe, don't buy it.

First, see where you're spending your money. Examine your bank accounts, and find places to cut. Once you see where you're spending, you can start cutting out nonessentials—like eating out, entertainment and pricey \$3 coffees—which you probably won't miss too much.

Second, be proactive. For example, if you have a cell phone, call your provider and see if they have any better options for your budget; call the cable company and do the same thing; and call your insurance company to find out if you're getting the best rate possible. Every dollar counts. Also, get organized. If every month you're surprised by how much money you spent, then you need to consider tracking your spending much closer. Finally, request a copy of your credit report every year. It's free, and it will give you a good snapshot of what debt you have outstanding.

Rule #3: Start saving.

Saving sounds simple but it is hard because money is so easy to spend and there's no question we live in a "gotta have it now" society. But if we have learned anything from the recession, it's that it's time to slow down on spending and start saving.

First, map out a savings plan. Get an idea how much you can afford to save and put that away. Also, scrutinize your spending. A good rule of thumb is to have three to six months of income saved up. It sounds like a lot, but you might need that if you lose your job.

The key is to get started saving any amount. Whether it's \$20 a month, \$20 a paycheck, whatever it is you can set aside, get in the habit of saving. Start a savings account. Maybe it's the most basic one if you can't meet a minimum balance

requirement, but develop the habit of making some sort of regular deposit into that account so you can begin to build emergency reserve savings.

Rule #4: Reduce bad debt. Manage good debt.

In today's tough economy, everyone is looking to keep spending down, and what's becoming more and more challenging for a lot of people is controlling debt.

Debt consolidation can be a smart move for those families that still have equity in their homes and haven't consolidated before. However, this is not a good idea for those who have gone the refinance route before. People get into the position of not having any equity because they keep paying off their debt with it. Eventually, you'll run out of equity and might be in a precarious position should you lose your job or miss even a single mortgage payment.

For some people—those who took out mortgages when rates were higher—it might make sense to completely refinance a first mortgage as opposed to taking out a home equity loan. There are several things you'll need to consider, such as mortgage rates and how long you've had your first mortgage.

In addition, since mortgages require closing costs and other fees, unless you can drop a full percentage point from what you're already paying (for example, taking a six percent loan down to a five percent loan), it may not make sense for you.

If you're not a candidate for refinancing, there are still strategies you can use to get out of debt. First, pay off one credit card at a time by making higher-than-minimum payments and avoiding new charges. Once that card is paid off, take the money you were spending on it every month and roll it into a larger payment for another card.

If you can't pay your minimum payments, you may want to talk to a financial professional regarding your debt and options. Learn more at handling your debt at: <https://www.thrivent.com/banking/personal/debt/index.html>.

Rule #5: Protect your assets.

The new year is a logical time to take a hard look at how you are protecting your assets through auto, home, life, disability and health insurance policies. Are you and your property adequately covered? As your premiums come due you should shop around to see if you can get a better deal from another insurer. You also might consider taking higher deductibles to lessen your expenses. With life insurance you should double-check your beneficiaries. Are they still the people you want to receive a payout? If not, contact the insurance company for a change of beneficiary form.

For more tips on getting financially fit in 2010, visit: www.thriventbank.com/5rules.

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