

Financial Organization: Becoming Wealthier, Wiser and Happier

by Lisa M. Berlin

Most of us have just finished doing our taxes, and wonder why we don't have more money, aren't better organized during the year and why it's such a chore to get that tax information together.

There are, in fact, some tips and tools that really work. They will help to make you wealthier, better organized and more satisfied.

Tip One

Set clear goals and be constantly aware of them.

Do you want to:

- Be wealthier?
- Pay off your credit cards?
- Be better organized?
- Have less paperwork?

Your goals should serve as "guiding lights" for whatever you do, especially the way you use your money. If you are using your money to progress towards your goals, you will feel more satisfied, and it will be easier to pass up the "extras" that slow your progress towards those goals. Keeping your goals in mind helps define whether something is truly a "need" or a "want."

Tip Two

Know where your money goes, and how much you really have. Most of us guess, and we're not very accurate. Estimate how much money you have, and how it gets spent. Then go over your checkbook, bank statements, etc. The biggest surprise? How much we use cash and credit cards for "small stuff" that is inconsistent with our goals.

The best solution is to use one of the computerized personal money management programs. Most of them are easy to use, fast and fun—and they eliminate so much paper and forgetfulness. People often say they are "thrilled," "excited," "empowered," once they start using them. It becomes easy to track the "small stuff," reconcile bank statements, track investments and gather tax

information at the year-end, because most of it is already recorded and categorized.

Set up categories according to the information you will need. Include as many of the sources and uses of your money as possible (i.e., ATM, credit cards, cash, investments, etc.). The more information you have in this one place, the easier it is to update and access it. Use all the capabilities of the program, if they are useful to you. If you don't have access to a computer, try a manual system. "One-write" systems use a spreadsheet to categorize each check, and then you total each category. There are also excellent systems that use binders and smaller recording sheets to produce all kinds of information. This approach is more flexible and less tedious than totaling a large spreadsheet. You can manage your checking account, cash purchases, credit cards and budget. Review and "clean up" your information regularly. (I recommend once a month, and once a year is probably not enough.) Your data should be correctly categorized and consistent, so that the same type of income or expense is always in the same category.

Tip Three Use the information you have. There are many benefits to knowing about your money. Preparing your taxes is simpler. Knowing the status of your credit cards and debts lets you know if you are living within your income and moving out of debt or further into it.

If you are outspending your income, you need to make some changes by earning more, spending less or both. Taking a second job or changing your expenses may move you towards your goals again.



Tip Four

Ask yourself, “How much is ‘enough’ for me?” Almost no one has “enough” money. Usually, the more money you have, the more ways you have to spend it.

Beyond the basic needs of food, shelter, clothing, etc., the decision becomes, “Do I buy a ‘regular’ car or a super-luxury model? A ‘regular’ house or an extra-large house?” Maintenance for a super-luxury car is usually more expensive. A huge house carries higher utility and insurance bills, and probably needs professional cleaning and lawn services. The point is that nothing is without its hidden costs. Uncover those hidden costs by talking to others who have made the same purchase, and by searching for all its implications. Is it worth it to you?

Tip Five

Get into the habit of saving. Save regularly, and increase the amount whenever possible. Over time, these savings will accumulate and help you achieve your goals. Invest them and compound your returns.

How to make yourself do it? The best way is simply to put your designated amount away each time you get paid or pay bills. Your bank can transfer a specified amount to your savings account on a regular basis. Some employers have savings plans where money is taken from your paycheck. The trick is to put the money away before you’re able to spend it. The experts say, “Pay yourself first” If you want to be better organized, and to have more money, try these ideas. They work best together, but if that seems over-whelming, try one and add another later. The hardest part is starting, just doing it until it becomes a habit. The best part is that as you get control of your finances, chances are you’ll find yourself wealthier, wiser and happier.

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