

Time for a Financial Checkup – Video Transcript

From time to time, it helps to check in on your finances. A financial checkup gives you a quick snapshot of where you stand and can help you feel more confident about your next steps.

Here are four things you can do to get started.

Start by reviewing your spending over the last three months and categorize your expenses as essential or discretionary. Then identify what money is coming in. Add everything up and compare the two totals to make sure you are living within your means. If your expenses outweigh your income, you'll need to make some adjustments.

Next, look at the financial goals you set for yourself. Did you accomplish any of them? Do you have any new goals that you would like to target? If your personal or financial circumstances changed during the past year, you may need to reprioritize your goals.

Third, review your debt. An essential part of any financial wellness checkup should focus on reducing debt. To help you keep your debt in check: keep track of all your balances and be aware of interest rates and hidden fees; optimize your repayments by paying off high-interest debt first or consider taking advantage of debt consolidation or refinancing programs; and avoid charging more purchases on credit cards than you can pay off at the end of each billing cycle.

Fourth, look at your credit. Having healthy credit is another important part of financial wellness. Your credit report has information about your past and present credit transactions and is used by potential lenders to evaluate your credit worthiness. A positive credit history can help you obtain credit when you need it and possibly at a lower interest rate. To establish a good credit history, always pay your monthly bills on time and try to limit credit inquiries on your credit report. You should also review your credit report periodically for inaccuracies.

A quick financial checkup today can help you build strong financial health for tomorrow.