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Five Steps to Organizing Your Finances

Do you know your net worth? Or how much you spend each month, and on what? Or how much you can expect from your pension plan or Social Security in retirement?

A majority of the population will answer "no," saying they've been too busy with life to get a handle on their finances.

Fortunately, there's a 5-step action plan to help you take control of your money.

1. Set up a financial filing system—manually or online. Keep separate folders for different expenses and records, for instance "Auto Expenses," "Insurance," "Mortgage," "XYZ Credit Card," etc. There are also many online apps that will allow you to do this electronically. A great place to keep all your valuable information is in a [safe deposit box](#) with Cornerstone Credit Union. Be sure to inquire about the best one for your needs.

2. Gather records. Look through your records to identify missing information. For example, you need an estimate of your Social Security retirement benefits. To request one, visit ssa.gov or call 800-772-1213. Gather copies of your health, disability, life, homeowners and vehicle insurance policies, and get a copy of your credit report.

You can check your credit report from each of the three major credit reporting agencies once a year for free. Always make your requests from the annualcreditreport.com website, the only site sanctioned by the Federal Trade Commission. Or, you can call 877-322-8228. Make one request every four months in rotation among the three credit agencies so you can monitor your credit report year-round.

3. Size up your situation. Add the estimated current value of all assets, including your home, car, personal property, savings, investments, and retirement accounts.

Next, add all liabilities, including mortgage, credit card balances, and any other outstanding debt. Then subtract liabilities from assets to figure net worth.

Then, make a list of income and expenses by reviewing paycheck stubs, online checking account information or your checkbook register, and credit card statements from the past year. Finally, track spending for a month by saving all receipts or recording cash purchases in a notebook. You also can find a spending plan or money management software program that can help organize spending by category.



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4. Chart a course. Set financial goals--long term and short term--and figure how much money you'll need for each. Create a target saving and spending plan that meets needs using your list of income expenses. For a month or more, track actual spending to see how you're doing, making changes as necessary

5. Brush up on money management basics. Contact or visit Cornerstone Credit Union for more information about how to save and spend finances wisely. If you're not a member of Cornerstone Credit Union already, we want to meet you. Visit any of our convenient branches or check out our website at cornerstonecu.org to get a glimpse of what we offer. If you're already a member, thank you. We'd love to hear from you. Stop today or call 815.235.5855 or 800.711.3277.

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