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January 2001 - Financial Resolutions for the New Year

Keep Good Car Use Records

This is really just a continuation of the last topic, but is unique enough to deserve separate attention. Again the key is to keep your record keeping routine simple enough that you will actually do it every day! Vehicle use records must include mileage driven by category (business, charitable, medical, commuting to each job, and other) in addition to expenses and receipts described in the section above. The simplest way to keep mileage records is to keep notes in your appointment book. Next to each appointment put the number of miles driven and the category. Then total the miles each month and at year end in your appointment book, and you will have everything you need.

Start a Regular Savings Program

It is more important to save something from every paycheck than to earn high interest or to occasionally save large amounts. Consistency means everything with savings and investments. So resolve to have something withheld from every paycheck or from your checking account every payday, even if it is only \$10. Start somewhere! You will get great satisfaction as you see the balance grow.

Your long-term goal should be to save at least 10% of your income. If you can't afford to do that immediately, get started with less and commit to yourself to increase it every time you get a pay raise. Plan to save half of any increase until you reach your long-term goal of saving 10%. This will leave the other half of each increase to improve your standard of living.

Develop an Ongoing Relationship with a Financial Professional

Get help with your income tax filings. You will save a lot of time, and a good CPA will be able to suggest ways to organize your life to take advantage of thousands of dollars in tax savings opportunities that are available to you. Ask for a list of record keeping categories (see above) that are right for you. If you do volunteer work, you will want receipts for your out-of-pocket supplies and expenses. If you use child care so you can work or attend school, you will want receipts for that. If you have job expenses like tools or travel, you will certainly need to keep those. Each person is different, so ask for help for the record keeping you need. Set quarterly consultations to keep current on everything you can be doing, and make a quick phone call before making a major financial decision. The additional money you earn will generally be several times the fees you have to pay, which are a tax deduction themselves!

You should also get help with your savings and investment planning. Identify your short and long-term goals and resolve to take small action steps regularly to achieve them. The first step is to start the regular savings program, and the next steps are critical to make sure that savings program meets your needs!

Get an Annual Insurance Check-up

Chances are you have too much of some kinds of insurance and not enough of others. Your needs will change from year to year, but too often we keep the same coverage in place for many years without thought. Home insurance should be adequate to replace your home plus cover liability for things that happen there. Often car insurance liability limits are much less than the damages that occur in a major crash. You might be surprised how much you could increase your coverage without increasing premium, just by taking a modest increase in deductible. Life insurance is important to make sure your family can keep its home and stability should you not be there for them. How much is the right amount to carry? There are many factors to consider, so take the time to get professional assistance.

Health and disability insurance can also be critical and should be considered as well.

Consider a Personal Finance Computer Program

If you have a home computer, put it to use for your finances! Get a simple program like Quicken, Quick Books, or Microsoft Money that works just like your checkbook, but keeps great records. When someone claims you haven't paid a bill, you'll have the record you need. When it's tax time, everything will be in order.

Summary

Money is not everything, but it can help us have the kind of family life we desire. As we consider our goals for the New Year, it is important to include financial planning in our thinking!

Your Suggestions Are Requested!

If you have a topic you would like to see covered in these monthly articles, please email me at dougbeecher@yahoo.com