

# An annual financial review

Managing your finances is a long-term investment. Following a budget is the blueprint for financial health. But, how do you know if it's working?

A yearly financial review provides a snapshot of how well your financial management achieves your financial goals. And it allows you to identify and adapt to changes in your financial health.



## STEP 1: REVIEW YOUR DEBTS

Begin by making a list of all your debts and their interest rates. Evaluate your progress in reducing your debt burden in the past year. Determine if your current payoff plan is working or if you need to allocate more resources to reduce debt.

## STEP 2: REEVALUATE YOUR BUDGET

Compare your budget to your actual monthly expenses. Make adjustments so it accurately reflects your current bills and income. It's normal for things to change over the course of a year. Identify areas where you are overspending and need to adjust either your budget or your spending habits.

## STEP 3: ASSESS YOUR SAVINGS

It's wise to have a rainy-day fund set aside in a separate savings account. That account should be paid into each month to provide a safety net in case of unexpected expenses. Check to see how well you did contributing each month.

## STEP 4: REVIEW RETIREMENT ACCOUNTS

Check in with any retirement or investment accounts and consider whether they are growing at a comfortable pace. Make sure you are taking full advantage of any matching retirement funds from your employer. Double-check how the maximum IRA contribution may affect you in the coming year.

## STEP 5: UPDATE YOUR FINANCIAL GOALS

Using all the information you have gathered, set both short and long-term financial goals. Paying off debts, reducing expenses, increasing savings or retirement, or planning for a large purchase can all be part of your updated goals. Keep the goals specific and measurable.