

Financial resolutions for 2010

Wondering where to go from here? Keep these tips in mind

Provided by Scott Sparks CLU, ChFC, Northwestern Mutual - Denver

If 2009 reinforced anything, it's that you simply can't predict the future. It was a bleak year that triggered lots of change, including altering the way many of us think about money.

While many believe the worst appears behind us, many others wonder where to go from here. As you assess your financial situation for 2010, you should keep a few things in mind.

REVISIT YOUR PLAN

Everyone should consider having a financial plan in place. If you don't, you may want to think about creating one ASAP. Consider your goals for the short-term as well as the long-run. Once you decide what you want to do, think about how you will do it. Besides savings, you may want to consider investments and the types of investments that should serve you best. Consider consulting with professionals to help you develop a future plan; you will likely feel less anxious for doing it.

If you already have a plan in place, now may be a good time to re-evaluate it. Perhaps your goals have changed or unexpected events have forced you to make adjustments. You may have losses to make up, or perhaps an event you hadn't foreseen looms in the distance. When you take a few moments to rethink your goals and how to attain them, you can make

adjustments, large or small, to reach your desired result. And if you own a business, think about looking not only at your business plan, but your employee pool. 2010 is a good time to evaluate your talent pool and to ensure the best people are in place to help maximize future results.

PAY YOURSELF FIRST

Many times, we take our income and pay bills, make purchases and then think about squirreling funds away for retirement plans and college savings. Instead, consider paying yourself first by contributing to IRAs, investments and so-called 529 education-savings plans operated by a state or educational institution. Then focus on bills and extra purchases. The rewards may be beneficial in the long run.

MAKE TAX ADVANTAGEOUS DECISIONS

2010 also will prove a big year for Roth IRA conversions. With laws changing that allow anyone to take advantage of Roth IRA accounts (not just those making under \$110,000 a year) and to convert traditional IRAs into Roth IRAs without penalty, this savings instrument may be a good option for you. But avoid conversion for conversion's sake. Evaluate with a tax advisor, if possible, whether this conversion makes sense for you.

If other opportunities surface from

federal programs or other tax savings, always consider whether they're right for you and your personal goals before enrolling in or taking advantage of them. While some might benefit from a certain credit, it just might not be in your best interest.

MINIMIZE THE BAD, MAXIMIZE THE GOOD

In 2009, many people started to save more and spend less. Think about your spending habits in your business and professional lives. There may be ways to curtail the amount of money you spend so that you can save more.

Another way you can maximize a good opportunity, while minimizing risks to your finances, is to reduce your consumer debt. Consider doing away with as much of the "bad" debt, like credit cards and loans. What you can pay down, lock in at a lower interest rate.

The lessons of 2009 offer valuable insights and opportunity for 2010. As we regain our footing, we should also evaluate our paths. This can help make the road ahead as smooth as possible.

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