

Are Your Financial Plans on Track? It may be Time for a Mid-Year Check Up

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Summer is here! How did we get to July, wasn't it just January? If you are like most people, you made a few resolutions to improve your financial situation at New Years, but now that it is the middle of the year, where do you stand? July is an ideal time to review your financial situation, recognize problems in your performance and identify improvements that will be necessary by year-end to reach your financial goals or avoid serious repercussions.

How to Conduct a Mid-Year Audit of Your Personal Finances

Reassess your Budget

If you did not adhere to a monthly budget, it's time to revisit your yearly budget to see if how your actual expenditures compare with the amount you had planned to spend each month. If the numbers are not aligning, then it's time to either make changes to your budget or adjust your spending habits. It's not too late to get on track.

Manage Your Cash Flow and Spending Habits

It's imperative that you understand where your money is being spent so you can make necessary cuts, save more and stay on track. Read your credit card and debit statements to get a pulse on

where you spend most of your money: fixed expenses, such as your mortgage or car payments, groceries, medical, utilities and gas or discretionary expenses such as entertainment, clothing, extracurricular activities and other miscellaneous items.

Adjust Your Tax Withholding

If you have had, or expect to have, any life-changing events during the year – marriage, divorce, birth of a child, buying a house, a spouse taking or leaving a job – you may need to adjust the amount of tax that is being withheld from your paycheck. You don't want to underpay, only to be surprised by a huge bill come April. And you don't want to overpay – rather than wait for a refund next year, you can put that money to better use throughout the year.

Sticking to a monthly budget is key to a successful financial future. If you haven't created a monthly budget yet, start by utilizing an online application or mobile app (Mint.com) to track your income and expenses or draft your own written plan. This will make it easier to pinpoint where adjustments can be made if warranted.

Tackle Debt

You should plan to pay off debt as swiftly as your cash flow allows. The general rule of thumb and the fastest way to reduce your debt is to tackle your highest interest rate debt first. Check your credit report and review your credit card statements and determine if your debt balances have increased or decreased since January 1st and speak with a trusted financial professional to determine which steps you can take to accelerate payoff. Additionally, you may want to consider automating your payments, making incremental principal payments each month. You will soon find your debt is under control.

If you don't have any debt, assess whether you are using your credit cards to your best advantage. Do your current cards fit your lifestyle? Are there any loyalty programs that you could be taking advantage of to get cash back, go on trips or save on gas? Start taking steps to use your credit to help you reach other financial goals.

Boost Savings

Take time to double check the balance in your emergency fund and replenish if necessary. If you always forget to make regular contributions, then make a habit to save big twice a year – once at the beginning of the year and again at midyear.

And though it may seem like a long time off, start saving for the holidays now! If you start putting money aside now, you will be better positioned to prevent debts or dipping into savings come November and December.

Review Your Retirement Plan

Are you saving the right amount of money for retirement – could you afford to bump up your contributions or even max them out? If you have forgotten to put money in your retirement account over the past few months, catch up on your contributions and set up an automatic transfer or small increments from your paycheck to stay on track for the rest of the year.

For those who already save regularly, you could lower your tax liability by maxing out your contributions. Then review your asset allocation and ask whether there have been any fund changes. If so, look over the new options to see if they fit your personal situation and investing goals.

Audit Your Personal Liability & Asset Protections

Nothing can send your dreams off course like having inadequate insurance coverage in a time of need. If you have had a life changing event (see above) or have not reviewed your insurance coverage for more than 18 months, then it is time to reach out to your agent or financial advisor to ensure you have adequate coverage for your family. Review your life, health, home, auto and personal liability insurance.

Go Over Your Estate Plans and other Important Documents

Organizing and preparing for your eventual passing may make you feel uncomfortable, but it is increasingly important to outline your wishes and specific requests to ensure your family is not left with difficult decisions under stress and sadness. If you haven't reviewed or created your family trust, wills, or power of attorneys, now is the time to do so. In addition, if you have children, ensure that you have guardianship provisions in place.

Keep Personal Finances on Track All Year Round

You also do not need to wait until the middle of the year to take a look at your goals. You can review them quarterly, every 3 – 4 months. You can even review these on a monthly basis if you want. The more you keep these at the forefront of your mind, the more likely you will follow actions that lead to the achievement of these goals.

This mid-year financial review will allow you to take an honest look at your financial goals, giving you a chance to make adjustments to stay on track for the end of the year. Be sure to include trusted financial professionals and any financial partners (spouses, children, guardians, etc.) in the process, as the goal of a review is to be accountable and use the support which will help you successfully reach the goal line.

Remember to speak with your [financial, legal or tax professional](#) for more information about the topics which interest you. Need a referral to a great financial, legal, or tax advisor? Let me know...