

Financial Check-Up DIY - Five Ways to Do It

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Many of us go to car mechanics, optometrists, dentists and doctors regularly, whether we like it or not. The second law of thermodynamics says that things eventually break apart; this also applies to our finances. People who are judicious about their finances should value economic well-being. Regular financial checkups could correct mistake and ensure that our finances are at tip top shape.

Here are things we should do:

1. **Check retirement savings:** We should ask ourselves whether we contribute enough to our retirement plan. We should update our estimation on the correct annual contribution for our retirement savings. Often we don't allocate enough money to ensure comfortable retirement lives. Larger contributions today could pay off more significantly later. We can achieve it through payroll deduction and it's a very simple way to save for future.
2. **Check charitable giving:** We should define how much to provide for charitable giving. Charitable donations could reduce federal income tax bill for people with high tax bracket. This activity may bring huge positive impact, both for our lives and others'.
3. **Check credit score:** We should check our credit report at least every three months. Some online services provide an option to request a free copy of credit reports from three major credit reporting services. We should carefully check that information in these reports is accurate and correct. Many people encounter financial troubles due to simple typos in their reports. Poor credit reports may affect our insurance applications, credit card approvals and mortgage rate. Suspicious accounts and activities are usually first indications of identity theft. We could catch problems early by reviewing our credit reports.
4. **Review emergency fund:** We should review how our emergency fund progressed in the last few months. An emergency fund is important because some unfortunate situations may cause us to dip into this cash reserve. If an emergency fund balance is low, we should have a plan to restore it. An emergency fund should be equal to at least six months of wages to protect us from unforeseen financial blows, including loss of job.
5. **Review our lifestyle:** A few things may change in our lives over the years. There could be changes in benefits, employment, health condition and marital status. Some events could necessitate significant adjustments, such as investments, tax status, retirement planning, insurance coverage and will adjustments. Making lifestyle changes can be quite tricky and we may need to ask a financial adviser for help. He/she could recommend any fine-tuning and adjustment that can improve our financial life.

Checking and reviewing these five areas of personal finance on your own should be easy. We would have an added peace of mind that our financial condition is on track for the rest of the year.