

As we draw closer to the April 15 tax filing deadline, it is common that individuals may want to take a closer look at their financial health. You may wonder if you made the informed financial choices you could have during 2015 to reduce your tax burdens or simply have more disposable income to meet daily wants and needs.

Just as it is important to get an annual physical checkup, an annual financial checkup is equally important. In doing so, you can identify problems, chart progress, and outline action steps to achieve financial goals. It can also spur you into action to make necessary changes that can improve your financial health.

Financial health looks different for each individual. Your income, resources, knowledge level and interest all impact your approach to financial health. However, there are key areas that are common to all of us: money management skills, saving, investing, handling credit, insurance, shopping skills, and possibly estate planning. How do you think your financial health is doing? Take a minute to complete the following financial fitness quiz created by my FCS K-State Research and Extension colleagues, Susie Latta and Diane Burnett to see how you score.

Financial Fitness Quiz

Take this quiz to get an idea of how well you have managed your money so far. Choose the score that best describes your current financial management practices:

5 = always (or yes)

4 = usually

3 = sometimes

2 = seldom

1 = never (or no, or don't know)

Financial Management

I have a checking account (or credit union share draft account) with which to pay bills.

I have enough money to pay my rent/mortgage and other monthly expenses.

I have enough money for an emergency, such as an unexpected vehicle repair bill.

I have written financial goals with a date and dollar cost, for example: \$10,000 for a car by October.

I have a written plan or budget for spending/saving.

I keep financial records organized and can find important documents easily.

I know the effective percentage rate of my federal marginal tax bracket.

I calculate my net worth (assets minus debts) at least annually.

Saving/Investing

I save regularly for long-term financial goals (education for my children, a house, or retirement).

I have at least three months' expenses set aside in a readily accessible account.

I increase savings when I receive a salary increase.

I have a personal investment account for retirement (in addition to an employer-sponsored pension, if one is provided).

I have money in more than one type of investment (bonds, mutual funds, CD's).
 The after-tax yield of my savings and investments is greater than the rate of inflation.

Insurance and Estate Planning

I have insurance to cover large, unexpected expenses, such as a hospital bill or disability.
 I have a current will.

Credit

Less than half of one week's pay goes to my credit cards, student loans, and car payments.
 I pay off credit card bills to avoid interest charges.

Shopping

I comparison-shop for major purchases by checking at least three sources.
 I avoid impulse purchases and don't use shopping as a form of recreation.

Scoring: Financial Fitness Quiz

0-20 points: You need help, but don't despair. It's never too late to improve your finances.

21-40 points: You are headed for financial difficulty. Now is the time to reverse the trend.

41-60 points: You are doing a fair job of managing your finances and have taken some steps in the right direction.

61-80 points: You are doing a good job and are above average in managing your finances.

81-100 points: You are in excellent financial shape!

Note: Items scored 1, 2, or 3 indicate areas for focus to improve finances.

*Source: "How Are You Doing? A Financial Checkup"
K-State Research and Extension Publication No. MF2721*

Remember that not everyone's financial health looks the same. Being aware of the areas you are successful with AND the areas that need strengthened is the first step to setting financial goals and making better financial decisions.

If you are feeling a bit overwhelmed after taking the quiz, start improving your score by making financial goals. Financial goals should be SMART goals:

- Specific (amount and time to achieve),
- Measurable (show progress),
- Attainable (be realistic),
- Relevant (be important for your needs),
- Time-related (deadline for attaining).

Each goal should fall into one of three timeframes:

- Short-term goals: less than a year
- Intermediate goals: 1 to 5 years
- Long-term goals: more than 5 years

An example of a SMART financial goal might be: Pay no more than \$1200 cash to replace my old refrigerator by February 1, 2017 by saving \$50 from each of my bi-weekly paychecks. This is considered a short-term financial goal. Does this financial goal meet the SMART guidelines?

Keep a close eye on your financial goals. Write them in a finance notebook or journal to help you keep track of what you are aiming to achieve. Also include your monthly budget in this book to keep your financial limitations in front of you, as well. Being aware of your goals while equipped with a realistic and functional budget is a great start to improving your financial health.

For more information on developing a household budget or other personal finance health questions, call me at the Geary County Extension office at 785-238-4161. Until next time, keep living resourcefully!