

5 TIPS FOR FINANCIAL SUCCESS

By Darcy McDonald



1 Establish a financial plan.

In order to achieve financial success and secure your financial future, it's essential to establish clear goals and objectives, and take the necessary steps to attain them. This begins with designing a financial plan to help you live within your means and identify your financial objectives.

Your financial plan should include a current budget and future goals. Assess what you are spending your money on and determine where spending can be eliminated or reduced. Understanding how your income is being used for expenses can help you identify any challenges that may impede your long and short term financial goals.

Organize, prioritize and put your goals in writing. During this process it is also important to develop strategies that will help you plan for a vacation, down payment on a new house or retirement.



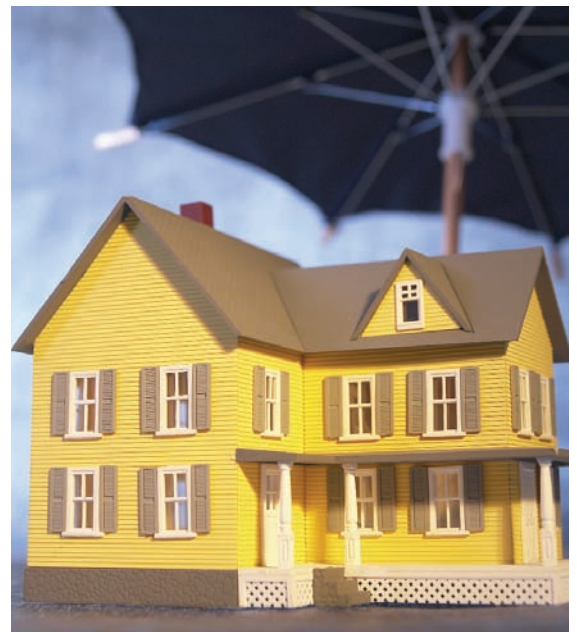
2 Determine your net worth.

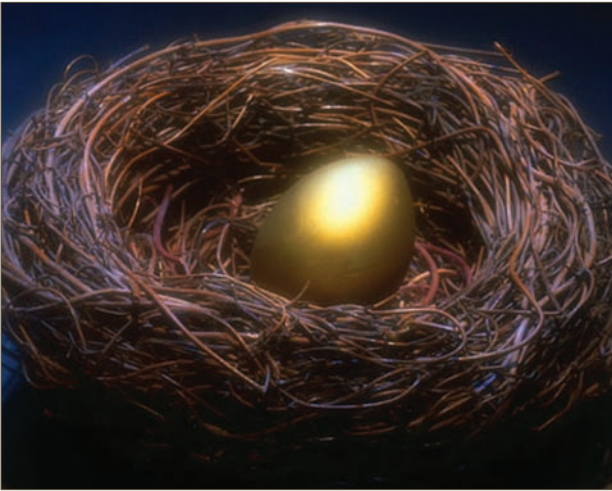
Your net worth is the total value of your assets minus your liabilities. To determine your net worth, begin by adding the approximate value of all your assets. Examples of your assets include items like your home, car(s), checking and savings accounts, and the current value of investments such as stocks, real estate, retirement accounts and IRAs.

Next, add the approximate value of all your liabilities. Liabilities may include the remaining mortgage on your home, car loan(s), student loan(s), credit card debt, income taxes and any other outstanding bills.

Subtract your liabilities from your assets. This will determine if you have a positive or a negative net worth. The goal is to produce a positive net worth and to build upon it.

Review and update your net worth annually. Your net worth is a way to monitor your financial well being since the goal is for it to increase each year. Compare annual net worth statements to determine if you need to modify your financial behavior and/or your goals to meet your changing financial conditions.





3

Allocate savings.

To allocate savings, you need to pay yourself first. This means establishing a set amount to save each pay period instead of spending it on current expenses.

Develop the habit of saving ten percent of your paycheck before paying bills. If possible, have this money direct deposited into your savings account. The compound interest of saving a few dollars each month is an easy way to contribute to your financial independence. Paying yourself first also applies to 401k participation. Contribute at least the maximum that your employer matches to your 401k plan.

4

Create an emergency fund.

Since no one is protected from life's contingencies, it is essential to have an emergency fund to maintain financial security and avoid incurring debt. Emergency funds give you something to fall back on should you or someone in your family become ill or disabled, or if you or your spouse loses a job. The minimum amount in your emergency fund should be three to six months of fixed living expenses in an easily accessible account. For those without dependents, you should have three months saved.

It is easier than you think to save money for an emergency fund. The next time you receive a raise or a tax refund, consider directing half to savings. You should not miss the extra money if you are not used to having it.

Keep your emergency funds in a liquid account such as a checking account, savings account, money market account or certificate of deposit. Investing your emergency funds in an easily accessible account is key. Also, separate your emergency funds from a savings account that you use for large planned purchases, like vacations, home improvements or a new car.

5

Execute the plan.

The implementation of your financial plan is essential to its success. Set a date to implement your plan and create a schedule to pay bills and review the monthly financial statements. Keep detailed records for one month to record all expenses. To ensure long-term success, regularly evaluate your financial plan and establish specific dates to review its progress. Keep in mind that your financial goals will change, and as they do, apply these modifications to your financial plan.

At Cornerstone Mortgage Company we understand that financial planning is a life-long process and that is why we help you choose the mortgage loan that complements your overall financial objectives. The Minnesota Home Loan Partners have established relationships with Advisors we feel we can confidently recommend. If you are interested in a recommendation from the team, please e-mail me at dmcdonald@houseloan.com or call me at 952-808-2828 and I'll be happy to provide you with one based on your specific needs.



Darcy McDonald, Senior Loan Officer for Cornerstone Mortgage Company has a passion for helping people achieve their dreams. For more information or to pre-qualify online, please visit www.MNHHomeLoan.com. The Minnesota Home Loan Partners are the preferred lender for the Minnesota Real Estate Show, Saturdays from 3 to 5 pm on KLTK - 100.3 FM.