

Financial Fitness: How Healthy Are Your Accounts?

For many people, the summer months are a time to focus on getting outside, increasing activity levels and becoming more physically fit. But just as we need to work to keep our bodies in shape, we also need to put forth some effort to ensure our finances are as healthy as they can be.

Ask yourself the following questions to get a pulse on your financial fitness:

SPENDING: Do you spend less than you earn?

If you struggle to keep up with bill payments or run out of money before your next paycheck, you are spending too much.

Financial Fitness Tip: Create a budget to see where your money goes and help control spending. Use a spreadsheet to write down all your income (job, pension, etc.) and all your bills (mortgage, phone, etc.). Keep track of other costs (restaurants, gas, etc.) to see where you can cut back.

SAVING: Do you have an emergency fund?

You need a stash of cash available to help in case of an unforeseen event, such as a job loss or vehicle repairs.

Financial Fitness Tip: Ideally, you should have at least three months' worth of living expenses in an emergency fund. Consider sticking your emergency money in a CD to earn a higher rate of interest. (Just be aware that if you remove money before the CD term is up, you'll forfeit some interest earnings.)

BORROWING: Do you use credit responsibly?

If you miss payments or max out your credit cards, it's time to fix your credit.

Financial Fitness Tip: First, request your credit report at annualcreditreport.com, and check it for any errors or fraudulent charges. Then, start improving your credit by making on-time payments of at least the minimum amount due and by keeping your balance below 30% of your total credit limit.

RETIREMENT: Do you save for retirement?

The general retirement rule is to put away at least 10-15% of your annual income.

Financial Fitness Tip: If you don't know where to start, a Roth IRA is a great option. Open this account at JMAFCU and deposit up to \$6,000 (if you're under age 50) or up to \$7,000 (if you're over age 50) per year. Once you hit age 59½, you can start withdrawing earnings tax-free and penalty-free.

