

Taking a Financial Inventory – Video Transcript

Taking a financial inventory can be done by anyone, at any time. It's a good first step to getting your financial house in order, whatever life stage you're in.

To start, list your monthly household income and expenses. You should know how much you have coming in and how much you have going out.

For expenses, list your monthly fixed costs and all your loan obligations, for example mortgages, auto loans, and student loans, including the lender who holds your loan, the interest rate you're paying, how many years you have left on the loan, and your outstanding balance. You should also have a good estimate of your monthly discretionary expenses.

Next, list all the accounts that hold your money, including bank accounts, investment accounts, and retirement accounts. This includes passwords and log in information to access all of these accounts online.

Third, list any other assets you own, including real estate, life insurance policies, and annuities.

Fourth, if you're employed, review any employee benefits you have, such as health and disability insurance, 401k matching, tuition benefits, and membership discounts. Also, review a recent pay stub to see the taxes that are being withheld from your paycheck.

Finally, list any important documents you have and where they're located, for example, a will, trust, letter of instruction, health care proxy, advance medical directive, or durable power of attorney.

Armed with this financial inventory, you'll be able to:

Easily access all your accounts and important documents

Analyze your monthly budget

Determine if you need to adjust the amount you're saving or investing

Determine if it makes sense to refinance a loan

Identify any employee benefits you may not be fully utilizing

Determine if you need to adjust your tax withholding

Understand what estate planning documents you do—or do not—have

Have an all-around snapshot of your financial picture, so you can make whatever changes you want in the upcoming year!

It's all about knowing where you are financially so you can make the best possible financial decisions.