

small steps BIG RESULTS:

The Short Guide to Conquering Financial Clutter

By Ellen Rogin, CPA, CFP®

For many people, our financial lives can be a breeding ground for clutter, both the physical clutter (papers, statements) and mental clutter (thoughts about what we should be doing or should have done). Most people don't realize how keeping clutter in your life actually limits your prosperity. Every time you worry about what you are not handling or what you should be doing, you are not focusing on what you want to create.

Here are tips for conquering the clutter in your life:

- Start sorting as soon as you receive statements and marketing material. Discard any material you do not intend to act upon.
- Set up a system for filing statements; this can be as simple as a three-ring binder or file folders in an accordion file. This will not only free up space and reduce stress, but also may assist you in catching errors in your accounts. Errors don't happen often; however, money can be withdrawn from the wrong person's account or fees can be charged in error. Monthly and quarterly statements usually can be shredded after a year-end statement is received.
- Establish a system for bill paying. Many people pay bills two times per month. Others write the check to pay a bill when it is received and note the date the bill is due on the envelope where the stamp is usually placed as a reminder to mail their payment. To avoid the stamps all together, on-line bill paying works well for many people.
- Streamline your bank accounts and investment accounts. Some people have too many accounts in a variety of places for no practical reason. I have seen people with six IRA accounts each with a different custodian. Others have five checking and savings accounts. If there are no logical reasons to maintain various accounts, close them. Streamlining your accounts can help to reduce paperwork and may reduce administrative fees.
- Clear out clutter with respect to your investments. Are you hanging onto an investment for emotional reasons as opposed to logical ones? For example, if you inherited a stock from Aunt Sally and don't want to sell it because she loved this stock, you might not be using good judgment! Or, maybe you are hanging onto a stock that was trading at \$150 per share years ago and is now trading at \$3 per share. If you do not believe that the investment makes sense for you going forward, consider selling, taking a tax loss and moving on. Not only will you be potentially creating a better portfolio for yourself, you will also be able to stop beating yourself up about how you should have sold the stock at \$150 and didn't.
- Take charge of unfinished financial responsibilities. Update (or establish) your will. Review your insurance coverage. Whenever there is a financial task you have not yet

done (but know you should) there is energy being wasted. Attention is being focused, whether you are aware of it or not, on what has not been completed, rather than on more productive things.

Cleaning up your financial house, a sort of financial feng shui, will create a sense of increased control and will speed up movement toward attaining your financial goals.

Ellen Rogin, CPA and CFP[®], has been an entrepreneur in the financial services industry for over 20 years in Northfield, Illinois. Ellen is co-author of the book, *Great with Money: The Women's Guide to Prosperity*.

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