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# Your Money Blueprint for 2011

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*If you make time each month to give your money some attention, you'll start 2012 in fabulous financial shape.*

Thoughtful financial planning can easily take a backseat to daily life. (Do your taxes two months early? You're just trying to stay on top of today.) But I promise that if you set aside time each month to give your money some attention, when 2012 rolls around you'll be in fabulous financial shape. Here's my plan of attack for the year to come:

## January: Automate Your Security

No one's ever achieved financial fitness with a January resolution that's abandoned by February. Building security requires a commitment to saving, and the easiest way to save is with an automatic transfer. Search online for the highest-yielding bank or credit union savings account; after you've opened one, set up monthly deposits from your checking account.

If your employer matches employee contributions to a 401(k), sign up now. Already enrolled? Make sure you're contributing enough to qualify for the maximum company match, and if you're not, boost your contribution rate by one percentage point each year until you're eligible for the maximum match. Then make funding your individual retirement account (IRA) automatic as well by linking it to your checking account.

**Timely Tip:** If you or your child will be attending college this fall, submit your Free Application for Federal Student Aid (FAFSA) form ASAP, using estimates of your 2010 taxes.

## February: Get Ahead of the Game

You should have received all documents necessary—your W-2, 1098 (if you have a mortgage), and 1099s—to complete your 2010 taxes. You've still got two months, but handling this task early has major benefits. If you're surprised by a tax bill, you have time to figure out a payment strategy. If you're entitled to a refund, you will receive it that much sooner.

## March: Do Some Spring Cleaning

Make time to toss any outdated paperwork. You should keep a copy of your tax return indefinitely, but you need to save supporting documents for only three years. Anything from before 2007 should get shredded. If you're self-employed or have income from multiple sources, hold on to your documents for six years. That's how long the IRS has to challenge your reported income. Next, roll over 401(k)s from old jobs and IRAs at different firms

into one account at a low-cost brokerage or mutual fund company—it's easier to keep track of this way, and you'll save on maintenance fees.

### **April: Take Stock**

As we head into the sign of Taurus, take a moment to think about bull markets. For long-term savings goals, stocks have the potential to generate inflation-beating gains. But we're all a bit queasy about stocks these days. Focus your stock investments on those that pay dividends—payments a company makes to its shareholders. Sticking with a low-cost exchange traded fund (ETF) with a diversified portfolio of dividend payers is a smart strategy. Try the Vanguard Dividend Appreciation (VIG) or the SPDR S&P Dividend ETF (SDY).

**Timely Tip:** If you do file your taxes in April, let your return guide your next move. If you're owed a refund, change your W-4 withholding to get that money back in your paychecks where it belongs. If you owe a penalty, make sure you're not having too little money withheld.

### **May: Hit a Home Run**

This is the start of house-buying season, but since most of us stay put in any given year, let's focus on you current mortgage holders—starting with your homeowner's insurance. If rebuilding costs in your area have fallen in recent years, you could be overinsured. Confirm that you have an extended replacement policy, which pays a set percentage over the dollar value of your coverage. And switch to a higher deductible (at least \$1,000 or so), which will lower your premium. Cover any expenses that amount to less than \$1,000 with your emergency savings fund. Finally, check your property tax base. If your current property tax bill is based on an old valuation of your home, contact your local tax assessor—you may be paying too much.

### **June: Gift Smart**

With all the graduations and weddings coming your way, you're probably planning to purchase some presents. Here's my gift-giving rule: Respect your current financial situation. The last thing family and friends want is for you to spend money on them that you don't have or that you can't really spare.

**Next:** [July through December is the right time to buy a new car, make family money rules, and more](#)

### **July: Have the Talk**

For those of you with camp-age kids, July no doubt involves a Parents' Day full of festivities. I'm proposing a different spin on Parents' Day: Take time to talk to your parents about their financial well-being. First, confirm that they have the key estate documents: a will, a revocable living trust, and durable power of attorney for both healthcare and financial matters. Have they reviewed their beneficiaries recently? If not, they should do so now. Next, look into long-term care insurance at [www.LongTermCare.gov](http://www.LongTermCare.gov). Finally, help them formulate an advance directive—a document that spells out the medical care an individual wants in the event he or she becomes physically unable to communicate. It may be a difficult conversation to have, but it lets your parents know that if the time comes, you'll make sure their exact wishes are followed. That's a great way to honor what they mean to you.

### **August: Teach Your Children a Lesson**

This school year, think about instituting new money rules for you and your kids. I'm a big advocate of a work-for-pay setup rather than an allowance that isn't attached to chores—it's a great way to impart the value of money to your children.

**Timely Tip:** If you need a new car, August is the time to shop—dealers are eager to make room

for next year's models.

### September: Check, Please!

Have you checked your credit report in the past year? Didn't think so. Visit [AnnualCreditReport.com](http://AnnualCreditReport.com), where you can access your reports on file at the big-three credit bureaus—for free. If you anticipate taking out a loan in the next six months or may be job hunting, or if your credit report turns up any mistakes, you should also obtain your FICO credit score (\$16; [MyFICO.com](http://MyFICO.com).)

### October: Brace for Life's Tricks

I wish you only treats this Halloween. But while we all hope for the best, we still need to prepare for the worst. Parents of young children *must* have life insurance and a will in place—it's non-negotiable. For most families, term life insurance is the easiest and least expensive solution. Go to [SelectQuote.com](http://SelectQuote.com) or [AccuQuote.com](http://AccuQuote.com) to make sure you're looking out for your family's best interests if the worst should happen.

**Timely Tip:** Parents of new college grads: The six-month grace period between graduation and repayment for many student loans is approaching. Make sure repayment arrangements are nailed down.

### November: Bag the Best Benefits

Fall is typically open-enrollment period at work, when you can make changes to your benefits package for the coming year. If you learn that your health insurance rates will increase in 2012, check whether your company offers a high-deductible plan that's paired with a health savings account. If you're in good health, this can be a great way to reduce your premium costs by agreeing to pay a higher deductible (minimum of \$1,200 for individuals and \$2,400 for families). You can then invest in an HSA, which allows your tax-deductible contributions to be used for medical expenses, including the deductible. Your unused HSA balance can be rolled over and used in subsequent years.

### December: Pay in Cash

Financially speaking, December can be rough: Gift giving, holiday parties, and vacations all take their toll. My advice? Stash your credit cards and live within your means all 31 days of this month. Avoiding that nasty January credit card bill that you can't pay off is the surest way to start 2012 on the right financial foot.

### More Smart Financial Advice to Bring With You Into the New Year

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*Suze Orman can be seen on Ask Oprah's All-Stars. [Submit your questions for Suze here.](#)*