



THE BEST MONEY TIPS

By Jacob Ansel

EVERYONE AND HIS BROTHER WILL

tell you their favorite money tips. The greatest tips are usually simple, straightforward and timeless, and are important in building long-term wealth.

Figure out your net worth. Write down all of your assets and what they're worth and your liabilities. Subtract liabilities from assets and that's your net worth. The result should be a positive number. If it's not, you've got work ahead of you. Save the calculation and update it annually. If your net worth goes up, you're moving in the right direction.

Save for retirement. Max out your retirement plan every year, don't waste a single year. If you can't max out your 401(k) (currently \$17,500), put something, anything, in. With the compounding of money, \$1,000 invested today will be worth a helluva lot more in 30 years.

Purchase real estate. If you're renting, buy a home. If you own a home, buy a rental property. In the long haul, real estate has proven to be a sound investment and can produce good cash flow when rented. Most of the time the rental income is shielded by the depreciation on the property.

Save with your kids. The moment your children understand the value of a dollar take them to the bank and open a savings account. Encourage monthly savings (even if it's just a dollar). Match their input; they save a dollar, you ante up a dollar. Show them statements and let them watch their money grow which

It's never too late to develop smart financial habits and finetune others. As a new year approaches, assess your fiscal health and take the steps to start your year off the master of your economic domain. We've got some ideas.

teaches the value of a dollar and starts good saving habits.

Toss spare change in a jar. Whenever you have extra coins, toss them into a jar; those coins will eventually yield a few hundred. Bank it in a separate savings account and when you retire take a nice vacation or pay off your car loan.

Setup an online automatic account. Find a bank with a large internet presence and set up an account that links to your checking account at your regular banking institution. Most online banks pay .90% for a savings account. Set it up to automatically pull from your checking account on pay day. Only draw on this account in emergencies. I call it the roof account because you never know when you'll need a new roof.

Be good parents. Teach your children that you won't give them everything they want. Children must understand the value of a dollar. If you spoil your children when they're on their own they won't have the necessary financial skills and will always turn to you for help. Financial independence is a valuable lesson.

Pay all of your bills on time. If you pay your bills on time monthly, you

won't have any debt. Period. It's beyond simple. Get used to paying your bills on time no matter what. If you don't make enough to do that, then stop spending. Also simple. Earn less, spend less.

Don't live like a king. We live in a material world and it's hard not to get turned on by luxury cars, expensive fashion, gleaming technology, and stately homes. Most of us go into debt because of our non-stop buying. Material items don't buy happiness; self-satisfaction comes from within. Live within your means. If you can't live like a king then don't live like a king.

Buy bonds. Buy bonds every month if possible. Bonds are proven to increase wealth and provide long-term stability and earnings. Savvy investors advocate tax-free municipal bonds as a great way to save and live on the interest tax free.

Pay yourself first. This is basically an automatic way to prioritize your savings. To do this, you can set up automatic monthly deposits into your savings account. Think of your savings and investments as a monthly bill, if that helps.

Consider an all-cash diet. If you're consistently overspending, this will break you out of that rut.

Take a daily money minute. Set aside one minute each day to check on financial transactions. This 60-second act helps identify problems immediately, keep track of goal progress, and sets your spending tone for the rest of the day.

Have a Plan B. Plan A doesn't always work so have something to fall back on. Most successful people haven't had everything go their way and having other alternatives is the key to being fiscally successful. □

Jacob Ansel, CPA, is a partner at Vision Financial Group CPAs LLP, an accounting, tax, and consulting firm. A frequent seminar speaker, Ansel has created analytical systems for business. www.vfgcpas.com