

9 ways to Spring Clean Your Finances

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With tax season in the rear view mirror, it's a great time to give your finances a once-over. You've already gone through all your paperwork, you have a pretty clear picture of your money situation, and you've got a little time now that you're no longer digging around for that lost W2.

“Many people tend to overlook

this beneficial step,” says Rande Spiegelman, CFP, CPA, vice president of financial planning at Charles Schwab. “In a recent Schwab survey of 1,000 investors, fewer than half said they will focus on their overall wealth during tax season, and only 40% will review their financial plans.”

Here’s your chance to be part of the half that’s getting their financial act together. Start with these steps:

Secure your tax information.

“All of your most critical personal and financial information can be found on just a few tax documents,” says Daniel Petri, Esq., a licensed tax professional at Tax Defense Network, LLC, in Jacksonville, FL. “If your paperwork is compromised, the implications for your identity can be catastrophic.” Plus, it’s a good idea to store your tax files in one spot in case the IRS ever has any questions. Store your tax paperwork in a safe, if possible, or at least a locked cabinet. It’s also wise to keep a secure digital copy in case of fire or flood.



Time to knock the dust off of your finances. (Photo credit: Matthias Kümpel)

Do an insurance check-up.

Have you done a home renovation in the last year that increased the value of your home? Make sure your homeowners' policy has been updated to reflect it. Shop around and make sure you're getting the best rates on home and auto coverage. And do you have an umbrella policy? "If you are a parent of teenage children, you may someday be subject to major claims and lawsuits related to driving accidents or alcohol-laced teen parties in the basement when you're out of town," says Carla Dearing, CEO of SUM180, an online financial planning service for women. "The extra liability coverage will protect your assets beyond what your homeowners and auto policies already cover."

Review your retirement savings. Have you rebalanced your assets lately? Take a look and reset your allocation if it's gotten

out of whack. If you aren't already maxing out a 401(k) plan, bump up contributions by 1% or 2% to increase your nest egg without feeling much pinch. If you don't have access to a 401(k), now's a great time to open an IRA or Roth IRA and set up an automatic transfer every payday—or sock your tax refund in there. “Doing so offers numerous financial and tax advantages including potentially deferring, reducing, or avoiding income taxes, as well as a potentially beneficial tax credit,” says Benjamin Grosz, a tax attorney at Iwins, Phillips & Barker in [Washington](#), D.C.

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Consolidate accounts. Do you still have a 401(k) sitting around from an old job? A few separate IRAs at different investment companies? Now's your chance to merge some savings. “Savings sitting in a 401k from a previous

employer should be moved to a more appropriate investment that meets your target retirement,” says Andrea Woroach, a consumer and money savings expert. “Roll these over to the plan with your current employer or into a self-directed IRA. Keeping your retirement savings in one or two accounts makes it easier to manage.”

Shred paperwork you no longer need. The IRS recommends keeping tax returns and supporting documents for seven years. “But keep some documents forever,” says Kevin Gallegos, vice president of Phoenix operations for the Freedom Financial Network. “These include birth, marriage and death certificates, divorce decrees, wills, Social Security cards, and military discharge papers.” You should also keep vehicle titles, home loan documents and insurance policies as long as they are valid. For the rest of it, [here are a few guidelines](#).