

# How to Give Your Finances a Spring Cleaning

Ah, spring! It's the season of renewal, when we can count on longer and brighter days, the return of baseball and the urge to get the house in order.

That goes for many people's financial houses as well. Spring is a good time to comb through your personal finances and ensure that you're managing your budget, credit cards, investments and insurance in the best possible way. Here's how to get started.

## Reassess your household budget

Take stock of [your budget](#), including any major changes in income or spending. Did you or a family member receive a raise, get laid off, take some unpaid leave or adopt a pet? These and other changes should determine how you allocate your money.

Similarly, if you know a major expense is coming down the pipeline — such as a child starting college, an operation or a vacation — you can cut spending now in order to boost your financial cushion.

## Get a grip on your credit

Financially speaking, there is perhaps nothing more important than your [credit score](#). It's a measure of how trustworthy you are as a borrower, and it affects your ability to get approved for and receive low interest rates on credit cards and loans. Resolve to improve your credit habits and bolster your score: Pay your bills on time, don't take on too much new debt, and create a plan for settling any outstanding balances.

Even if you have good credit, you should re-evaluate your credit situation. Review your interest payments and consider transferring your balance to a card with a lower rate. If you took out a mortgage or auto loan a while back, ask your lender if you could save by refinancing.

Everyone can monitor his or her credit easily — and for free. You're entitled to a free copy of your credit report from each of the three major reporting bureaus (Equifax, Experian and TransUnion) once a year. These reports reflect your borrowing and payment history and help determine your credit score. Occasionally, they contain mistakes that could lower your score, so keep an eye out for errors, and ask the bureau to correct any you find.

## Rebalance your investment portfolio

When you set up your retirement accounts, such as a 401(k) or 403(b), you likely selected investments based how much growth you wanted to achieve — and how much risk you were willing to accept.

But as you near retirement, you may want to take on less risk — or you may find that your proportion of stocks and bonds has drifted from your target. That's why it's a good idea to revisit, and perhaps rebalance, your portfolio each year. This could entail moving gains from your “winning” holdings and reinvesting the profits elsewhere.

## **Check your insurance policies**

Home, life, auto — make sure you have the coverage you need and that your beneficiaries are correct.

It's also worth asking your carrier if you're eligible for any discounts. For example, if you've been accident- and ticket-free for several years, you might qualify for a good driver discount. And if you've been with the same company for a while, you may want to shop around for quotes for comparable coverage.

## **Organize your important records**

Spring cleaning usually means throwing things away, but you should retain copies of important financial statements. Don't want to keep the paper version? It doesn't take long to download and copy records to your computer, or store them in a secure cloud service.

Just as preparing the soil in spring helps produce a healthy crop, tending your financial fields can set you up for financial success. There's no better time to begin.

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