

Create a New Financial Plan for the New Year

Now that the holiday gifts have been unwrapped and thank-you messages expressed, January is a great time to review what went right with your financial goals last year and where you'd like to make improvements in 2013. Are credit card balances larger than expected? Maybe last-minute gift purchases, holiday entertainment or travel expenses were higher than planned. Or, perhaps a year-end emergency required extra cash.

A financial review can help you set a new direction and get on a stable path for the New Year. First, add up any unexpected year-end expenses. Do they exceed what you can realistically pay within a month or two?

If these expenses present a real challenge and will likely take several months to pay off, consider how you might confront the task.

Can you cut back on some expenses? Even several small changes can make a difference. For example, you might decide to join or start a carpool; cut back on soda, alcohol or cigarette purchases; or give up all restaurant meals until the debts are paid off.

Can you temporarily increase your income? Maybe you can work extra hours, help a neighbor with snow shoveling, or tutor students.

Once you have a handle on dealing with any recent, higher than expected expenses, look at the year ahead. Try to identify any possible bumps in the financial road. Will you owe additional federal or state taxes? Will there be added travel or school costs this year?

If your anticipated income will not meet your anticipated expenses, consider how you might close the gap. It's easier to explore your options now before a foreseen gap becomes a true emergency.

Can you decrease or eliminate any ongoing expenses? Maybe a neighborhood movie night or board game tournament could substitute for more costly nights out. Many libraries offer after-school programs for children, not to mention free books and DVDs. Maybe you can replace a vacation with trips to local museums or backyard camp-outs.

Can you increase your income—perhaps by adding a part-time job or offering lessons in your favorite hobby? Maybe this is the time to finally start that business you've been dreaming about. If you decide to start a business, begin it as a part-time venture. This is not the time to quit your day job. Still, the desire to increase your income can sometimes lead to the beginning of a new and exciting career path.

Additional resources:

- The Dane County UW-Extension Financial Education Center (<http://dane.uwex.edu/family-living/financial-education-center/>) offers resources for people with moderate incomes, including [budget worksheets](#).
- The UW Cooperative Extension offers help in planning for gift-giving. While the article listed [here](#), addresses year-end holiday giving, many ideas would also apply to year-round gift-giving occasions.
- The National Endowment for Financial Education offers its www.smartaboutmoney.org/ website, containing many financial resources, including information about spending, credit and debt, as well as an article on how to avoid a "holiday shopping hangover."