

Five Financial Questions To Ask Yourself Now

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Wednesday, 21 July 2010
Last Updated Tuesday, 20 July 2010

With a roller-coaster economy and high unemployment, this is the time to take stock and ask yourself some important financial questions to ensure you keep your financial house in order.

Here are five important questions to ask yourself:

1. Do I have an exit strategy with my investments? If the stock market endures another free fall or your company stock takes a dive, how will you secure the assets that have grown over the past year? How far will your money go before you exit the stock market? How much does it need to make before you might take some profit off the table? Learn from the ups and downs you saw in the early 2000s and in 2007-08.

2. Do I have enough of a cash reserve? With job-market uncertainty, make sure you beef up your cash reserve for at least three months more than you would normally have. If you are used to having three months in a cash reserve, double it to six months.

Read on for the rest...

3. Do I have a spending plan or budget in place? If your income begins to expand again over the next couple of years, keep your spending plan in check. Make sure to save at least 10 percent of your total income, with the ideal target being 20 percent. By examining your budget now, you can determine your wants versus your needs. It is certainly a good idea to reward yourself from time to time, but staying away from any unnecessary major purchases that are not in your budget will be a key to building wealth during the next positive economic cycle.

4. Are my insurance coverages in place? Review your insurance coverages from what you have at work to the personal insurance you currently carry. If you lose your job or decide to leave, you may discover many coverages such as disability insurance when it is too late.

5. Are my beneficiary designations up to date? With many entering into second and third marriages with both spouses perhaps having kids from prior marriages, review your beneficiary designations. I often find that people don't review these until it is too late.

Asking these five questions can help get your financial home in order and allow you to run your family finances like a business.

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