People's financial health is about more than having enough money.
This concept incorporates a range of factors identified as driving individuals' ability to deal with whatever life throws at them.

10 steps to financial wellness

Goals should be achievable and might include one or more of the following 10 steps to financial wellness:

1. **Increase your financial literacy.** Read blogs or books on financial matters or sign up for an educational seminar or webinar. Your local public library can be an excellent resource. While much of written content these days is specially directed to specific audiences such as millennials or Gen Xers, a good deal of it is more general in nature. Listen to podcasts.

2. **Create a Net Worth Statement.** On one sheet of paper, write down all the assets you own (e.g., your house, stocks, bonds, cash, personal possessions) and subtract from that number everything you owe (e.g., outstanding mortgages, lines of credits, car or college loans, and so forth). This gives you a good picture of your household net worth, a very useful financial planning tool. Be sure to do it each year to see if your net worth is going up or down.

3. **Track your spending.** Even before you can set a budget, you have to have a clear idea about where your money goes each month. Use a notebook or a money tracking app, and record what you spend each day in both “have to spend” and “nice to spend” categories. Often your bank or brokerage firm will have an app that pulls in all the various threads of your spending that can help you set a monthly budget.

4. **Reduce unnecessary spending.** If you’re not getting the most value out of the products and services you buy each week, maybe it’s time to cut back on exotic coffee, video streaming services, or cable services. But don’t cut out all the fun things in your life! Balance is key, so that when you want to splurge on something you really like, you won’t feel regret or guilty about it.

5. **Increase retirement savings contributions.** Consider increasing your contributions each year with every raise you receive, or at least enough to qualify for the employer match. The Tax Code allows you to make catch-up contributions to your 401(k) or IRA after age 50. That said, be careful that you’re not putting too much in these accounts that can whack you with a big tax bill down the road. It’s always a good idea to discuss with a **financial adviser** to see how boosting your savings applies to your personal situation.

6. **Pay off bills.** Reduce what you owe by paying off loans, credit cards, and other debts (especially that carry high interest rates). I know it sounds nagging, but you should not take on more debt than you can comfortably handle. Shop around for the best deal before taking out a loan, and avoid carrying a balance on your credit cards, if possible.

7. **Set up or add to an emergency fund.** Squirrel away at least six months of living expenses, especially if your job is not secure, or there’s a risk of disability in your family, or if you have an unexpected car or home repair. You don’t need an instant emergency fund, day one — start small and build it up over time. And keep this emergency money in relatively safe, liquid funds. You can always transfer any excess emergency savings to your “long-term” investment account.

8. **Check your credit report or score.** Your rating influences your ability to qualify for credit, and the terms of that credit, so even if you always pay your bills on time, it's important to check your scores periodically. Plus, with identity theft and credit card fraud cases spiking, you can't be too careful.

9. **Review your asset allocation.** At least once a year, sit down with your **adviser** to determine whether your allocations still match your objectives. Be honest about your expectations, particularly when inflation is running high, and the markets have been volatile. Even if you're managing your own money, you need to do a self-evaluation about whether your allocation (and risk budget) is still appropriate.

10. **Work with a financial adviser.** Achieving financial wellness is a complex undertaking, even more so if you own lots of assets and/or income sources, have a child with special needs or have a complex tax situation. Having an adviser in your corner can be a big help in these situations.

    And even if you like to manage most of your financial decisions, having someone to challenge your assumptions and provide a second opinion can be invaluable.

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