



# INVESTBANK's

## Bites Of Financial Advice

This month: personal financial planning tips for a fresh financial start to 2013

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As 2013 approaches, you're probably starting to make a few New Year's resolutions. Whether you're planning to finally take that exotic vacation, take up a new sport or buy a new car, most resolutions come with financial obligations. With these tips for devising a successful personal financial plan, you'll be well on your way to achieving your resolutions and securing your financial future.

### 1. Take a snapshot of your finances

It's impossible to map out a route to your destination if you don't know where you're starting from. Open every single financial statement (bank, credit card, mortgage) and take a look. List all your expenses and future payments, including rent, utilities, groceries and debt repayments and subtract from your annual income to see how much you can spare on a yearly basis. Only when you have everything in front of you can you set priorities about what to do next. Then prepare a monthly budget by tracking

your actual spending. By having a better understanding of your spending habits, you can identify the areas in which a shift in spending is required. If, for example, you notice that a big chunk of your monthly spending is going toward dining out or ordering in, consider packing lunch for work and purchasing cookbooks to make your own gourmet meals at home.

### 2. Get out of debt

Getting out of debt is essential to reaching a state of financial independence. List your outstanding debt and

start repaying those that carry the highest interest rate. You might consider consolidating all your debts into one loan, an option you can explore by shopping around for the best deal; different banks will offer you different terms, interest rates and repayment conditions.

### 3. Try harder to save

Take a look at your credit card statements for the past six months. There should be at least JD50 showing up that you could easily do without. You can also make some easy, smart lifestyle changes that will help you save in the long-term, such as replacing burned-out bulbs with compact fluorescent energy savers. You can set aside a small amount of money every month to put into a savings account. Simply make automatic transfers from your salary account into your savings account, no matter how small the amount is. It might save you from future debt since you can use this account to pay any unexpected expenses instead of taking additional loans.

### 4. Find the investment option that best suits your needs

It's time to make your money work for you and your family. There is a difference between money you need to save and money you need to invest. With savings, the goal is to keep your money safe so that when you go to use it, it will be there. But money that you won't need to use for some time can be invested. Choose an investment strategy that suits you, be it investing in real estate, equity funds or any other investment tool.

### 5. Re-evaluate your financial plan regularly

Any adjustments to your spending habits or lifestyle might change your financial goals and budget. For instance, if your children have all graduated from university and are financially self-reliant, you might experience a surge of excess cash. This means you can revisit your personal financial plan, consider replenishing your retirement fund, undertake major repairs around the house or even splurge on a fancy vacation as a reward for your newfound financial freedom! 🌟

For additional tips, check out [www.investbank.jo](http://www.investbank.jo)

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