

MAKE A FINANCIAL HEALTH CHECK YOUR NEW YEAR'S RESOLUTION

While some people are sceptical about New Year resolutions, there are others who use them as an opportunity to make a very positive difference. It can be a useful time of renewal or to do something we've been putting off for too long. There's a reason that TV screens are bombarded with weight-loss and cigarette-quitting advertisements at this time of the year - people are in the state of mind for a fresh start.

While physical health is often an important focus, financial health should also be a priority. After a lacklustre year on global stock-markets, with property prices going nowhere and conflicting signals about the strength of the global recovery, you may perhaps feel that financial well-being is something beyond your control? Or that you don't have any choice but to carry on doing what you're doing?

But these are much the same attitudes as the smoker who doesn't think he can quit smoking, or the overweight person who believes that he is destined to remain permanently overweight.

The truth is, we do have a choice, and it starts with the simple – but not always easy – decision to take control. Whatever our circumstances - our earnings, investments or goals - taking control usually starts with a clear assessment of three things: where we are now, where we want to be and a plan of how to get there. What you might call a financial health check.

Clients often tell me that just undertaking this process can be a relief. Sorting out our financial affairs properly and knowing that everything is in order - sometimes for the first time – can be very reassuring.

There is also an interesting phenomenon that goes under the heading 'we don't know what we don't know.' As an example, a client who fixed his home loan some years ago when rates were higher than today. He then went through the unhappy experience of seeing rates fall significantly, but was stuck with the deal, which had seemed attractive at the time, paying well over the odds for his home loan. What he didn't know was that it's sometimes possible to pay down portions, even of fixed rate loans, reducing the loan size and therefore the monthly interest repayments. After having this explained to him, the client knew there was in fact a way out of a financial dilemma he felt he was stuck with.

Other clients haven't realised that they can achieve their longer term plans and dreams however, once they've been through some comprehensive financial planning, their appreciated that they're dreams can become a reality.

These are just a couple of examples of the benefits of consulting an expert for a financial health check, even if you think there's precious little you can do to improve your financial situation.

So as fireworks explode and glasses are raised to greet the New Year, here's to your very good financial health in 2011!

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