



# How to Prepare for a Financial Review

eBook

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# What is a financial review?

A financial review is a simple way for you to better understand the current state of your finances, and it can help you develop valuable insight into changes or adjustments that might be needed so you can meet your goals. A key benefit of a financial review is transparency. When you regularly check in on your income, debts, investments and other financial obligations, you have a clear picture of where you stand. That clear picture comes in handy when

you need to make financial decisions or respond to unexpected expenses.

Whether you're interested in purchasing a home or simply want to develop a more structured plan for retirement, a financial review will help you have accurate information on which you can base your decisions. It will also help you find discrepancies in your bills and identify any large, future expenses.

Let's review the process of the financial review and how you can use the information you gain from it to set realistic and attainable goals.



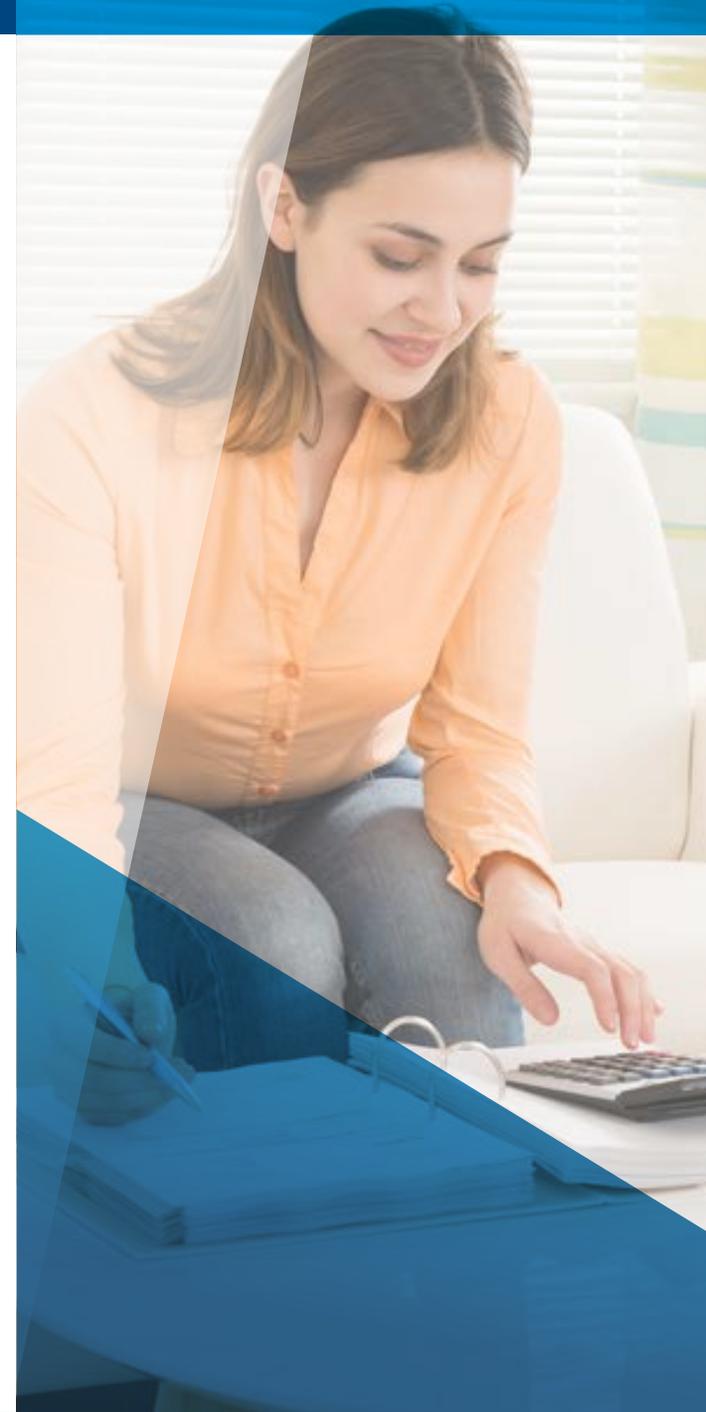
# Take stock of your current financial situation

Tracking all of your income, holdings and recurring debt is the foundation of a financial review.

The income and holdings side of the equation may be easier for those who have only one job, especially one with an established yearly salary. However, you'll also want to count any second jobs, annuities and other sources of income. As a separate but related exercise, you should record all current assets, from money in the bank, like checking and savings accounts, to retirement accounts and home equity.

Similarly, you need to tally up all of your expenses. This can be more time-consuming, as everything from your

rent or mortgage to the \$10 you pay each month for a streaming service all qualify. If you use a single credit card or bank account to pay for everything, you can review a statement to find most of your regular bills. With your transaction history, you can figure out an average for variable costs, like groceries, so you can estimate a typical month's expenses. And you can plan for bills that are due less often, like some types of car insurance. Don't forget to include any debt and the associated interest rate, whether it comes from credit cards, loans or another source.



# Put all of the information together

After you gather information about your income, expenses and assets, you can build a budget that tells you how much money you have left over each month.

You can use pencil and paper if you prefer a physical tracker, but a spreadsheet tends to be easier to access and manage. You can meet with your financial professional to work through a budget, or you can use one of the free templates or calculators online. Creating this budget will likely reveal areas where you can or should reduce your spending, and highlight opportunities to increase retirement savings, pay down your student loans

or set some money aside for a vacation or large purchase.

Taking stock of your income and expenses isn't just beneficial for creating a budget. Reviewing your credit card and bank statements can also help you identify duplicate or fraudulent transactions. When you have all of this information in one place, it's much easier to review monthly spending and make sure everything is accurate.

## What to bring to your financial review

- Current statements for checking and savings accounts
- Your retirement savings statements
- Student loan amounts and payments
- Auto loan amounts and payments
- Average monthly housing expenses (or your last month's bills as a starting point)
- Mortgage payment amount
- Credit card balances and monthly payment amounts
- A list of your financial assets
- Financial goals for the year



# Create long-term goals

A financial review doesn't just help you by putting you in a position to create a balanced, sustainable monthly and yearly budget—although that's a major benefit. It also helps you create long-term goals that are manageable, realistic and sustainable.

Your financial review helps you understand where you should direct your efforts, whether it's to pay down debt, increase retirement savings or shore up your overall financial security with savings.

For example, with a complete assessment in hand, you can identify the highest interest rate you pay among

your debts and dedicate more funds to paying off the principal as early as possible. You may also identify opportunities for investments with different risk profiles in your portfolio, or the need to ramp up retirement investments now to reap the rewards later.



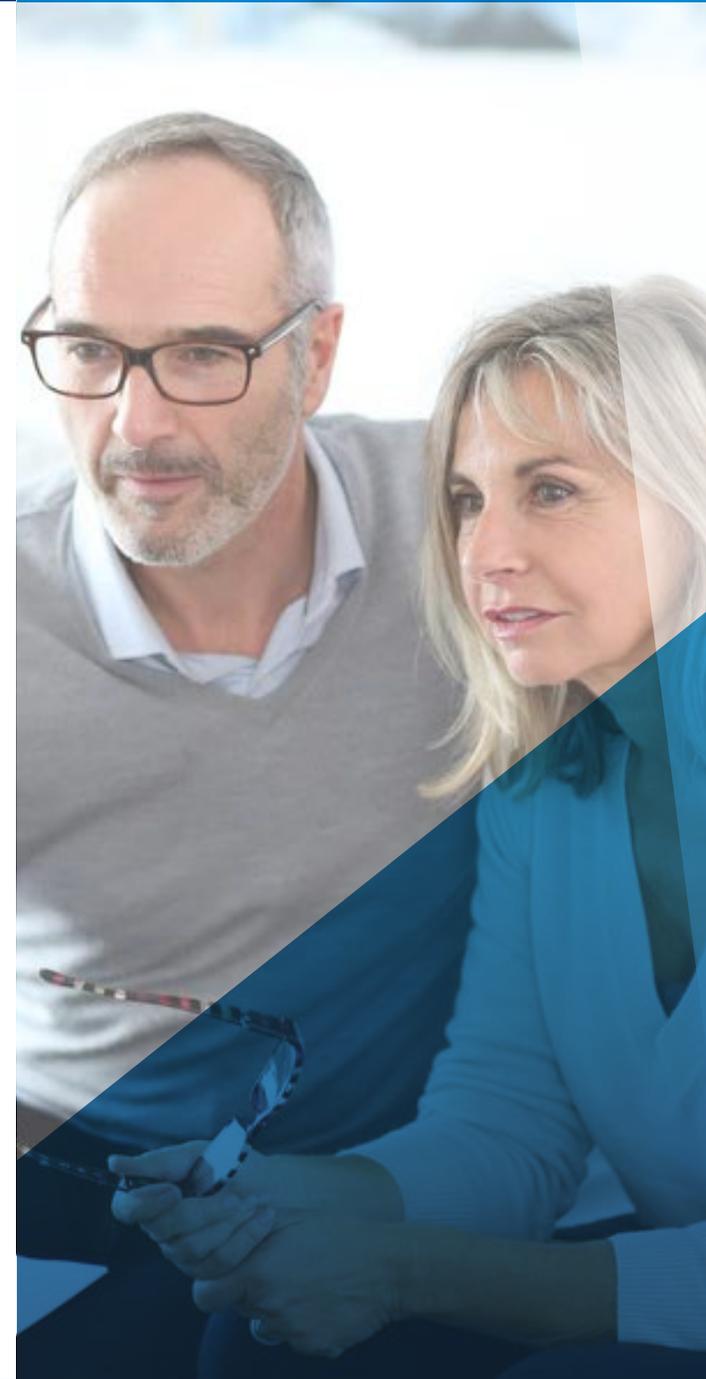
## Look into the future

Your financial review positions you for strong financial planning, not just in the coming months or years but decades into the future as well.

While it's important to remember things can always change—medical debt or a lateral career move are just two things that could significantly impact debt and earnings—long-term planning is vital. If your financial review reveals a tight budget that doesn't provide enough room for long-term savings or investment, you can start making small and large changes—from cutting down on

eating out to finding a higher-paying job—that will correct the situation.

Setting long-term goals are critical, like deciding on a specific amount to save for retirement by age 50. With your financial review, you can create and follow a well-defined path with specific milestones along the way. That allows you to adjust and correct as you go, staying on target over many years.



## ► Find the right partner

A reliable, trustworthy financial institution gives you the security and consistency you need to confidently plan for your future, whether your goals are set for six months or 20 years in the future. While you can find the tools you need to perform a financial review on your own, having the insight and perspective of a financial professional can help you objectively assess and plan.

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