

# Take a financial health check

**G**iven the many changes to the financial landscape in 2009, managing your cash more effectively might be a priority on your new year's resolution list. To help you stay on track we've prepared a monthly checklist designed to get your personal finances in better shape throughout 2010.

## January: reduce borrowings

The key to any new year's resolution is starting well and there is little point in having savings if you are in debt; the interest you earn on your savings is less than that you pay on your debts. Start the new year by paying off your most expensive loans such as store and credit cards. If you don't have any loans of this kind then you could consider paying off your mortgage if you have some spare cash. Now is a particularly good time to do this as interest rates are at an all-time low.

## February: tax changes are ahead

From April, high earners are going to see a reduction in their income as the government introduces significant changes to tax rates and personal allowances. With higher rate tax relief on pensions also restricted, February is a good time to review your finances and make the most of the exemptions, reliefs and tax-efficient savings available.

## March: set up an ISA

Individual saving accounts (ISAs) offer significant tax advantages but you only have until 5 April to use up your 2009/10 ISA allowance. If you are saving for the longer term and depending on your attitude to risk, you might want to consider a stocks and shares ISA where, for the next tax year, you can save up to £10 200 tax efficiently. Do your research carefully before you commit, and take care to check details such as the fees charged, as well as the performance and financial strength of the provider.

Wesleyan Medical Sickness provides specialist financial advice for doctors  
Telephone: 0808 100 1884  
Website [www.wesleyanmedicalsickness.co.uk](http://www.wesleyanmedicalsickness.co.uk)

## April: review your will

If you have not done so, make a will. If you already have one, check that it is still up-to-date. Dying without a will means your money may not go to the people you want it to. Remember to review your inheritance tax situation and seek professional financial advice to ensure that your family benefits from your estate and not the government.

## May: spring clean your bank account

With interest rates so low, you should check what rate you're receiving on your bank accounts. Check them against the best buy tables, featured in the weekend press, and consider moving your money if you see a better deal. If you generally keep a healthy balance in your current account, find out if your bank pays you interest. If not, see if there is a better account they can offer or even switch to another bank. If you go into the red from time-to-time and end up paying charges, look for accounts with fee-free overdrafts.

## June: review your credit card

If you are having problems clearing your credit card balance, consider transferring to a new card with a 0% introductory rate. It is no longer so attractive to keep switching your balance around as many providers now charge transfer fees when you move. But you will normally get up to 12 months at 0% which may give you a head start.

## July: consider your mortgage

You might be paying less for your mortgage now than in previous years but you may still be paying too much. Even though variable rates are at an all-time low, there are still deals around that can save you money. You might want to consider whether an offset mortgage is more appropriate for you, particularly if you have savings sitting in a low interest account. Remember to find out whether you will incur any penalties for switching mortgages\*.

## August: shop around for your general insurance

You won't necessarily be able to do this immediately as it will depend on your

renewal dates. However, you can make a note now to shop around for cheaper motor and household insurance policies before your next annual premium is due. If your time is limited you might want to find an insurer that offers a more flexible personalized service.

## September: check your utility bills

So many people stay with the same energy company year on year not realizing they could be saving money by changing supplier. With winter fast approaching, why not spend a bit of time checking whether your company is providing you with the best deal.

## October: invest for the future

If you are debt free and have an easily accessible emergency fund, then you should start to think about using your money to generate income for longer term needs. Do you need to save for school fees? If so, consider products with a fixed term which will coincide with timescales of when fees will need to be paid. Perhaps you are looking to invest to provide a fixed regular income in retirement in which case consider reviewing your retirement planning arrangements.

## November: top up your pension

There is currently great scope to top up your pension. You can receive tax relief on contributions up to the amount of your annual earnings, subject to a maximum of £255 000 for the 2010/11 tax year. However if you earn over £130 000 you should take advice on the best way to increase your pension as higher rate tax relief could be restricted to you.

## December: protect your income

With winter biting, it's easy to find yourself vulnerable to ill health. You might want to find a tailored income protection policy that will provide you with a percentage of your income if accident or illness means that you can't work for a period of time. **BJHM**

\*Your home may be repossessed if you do not keep up repayments on your mortgage. The above information does not constitute financial advice. For further information please speak to your financial adviser.