If you

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The economy is a mixed bag

The U. S. economy appears to be in a slow growth recovery mode, with many economists lowering their estimates to around 2.7% GDP growth for the year. Unemployment remains stubbornly high at 9.2%, with energy and food prices stabilizing but still high. The earthquake and tsunami in Japan, floods in the Midwest and the South and financial turmoil in Greece and other European countries have given the stock market plenty to worry about, but it is still up about 2% for the year. At best the U. S. economy would be considered a "mixed bag." How has the economy affected your financial plan? Hopefully, it hasn't taken too much of a nose dive.

On a personal level, what has changed in your family's life? Maybe marriages, divorces, birth rates, health, pay raises, layoffs, retirements or graduations. How have family changes affected

your financial plan? With a bit of luck, the unexpected was accounted for in that plan. Right now is a great time to measure your progress toward the achievement of your financial goals and to make mid-year corrections.

Financial Goals

Short-term financial goals can be achieved in less than one year. They may include establishing an emergency fund, this year's vacation or minor home improvements. Intermediate goals of one to five years might include paying off credit card debt, saving for a down payment on a house or making major home improvements. Long-term objectives of more than five years may include college funding, retirement or a vacation home purchase.

If you have not written out your key financial goals, take the time to do so now.

Cash Management

If you want to achieve your financial goals, it is imperative that you manage the major source of your potential wealth – your cash. Are their ways that you can take advantage of today's low interest rates by possibly refinancing your mortgage or switching to a lower rate credit card? Have you maximized your income potential? Would overtime or a second job for a few months

allow you to remove the albatross of bad debt from your life? If so, take advantage of these options and consider alternative ways to reduce expenses such as; buying clothes during off-season sale periods, cooking meals at home or using public transportation. If you have not setup a monthly cash-flow statement, use your last three months' income and expenses to establish a baseline and then track it monthly.

Investment Planning

The maximum tax rate for dividends and long-term capital gains is 15%. Interest income and short-term capital gains continue to be taxed at higher rates. Do your current investments take advantage of the current tax law? Do they fit your long-term investment objectives and time horizons? Review your most recent 401k, IRA and investment account statements. Take into account their performance over the last 12 months and ask yourself if your investments adequately diversified.

Tax Planning

If you used a tax advisor in the past, consider meeting with that advisor to assess your tax situation. Start by reviewing your 2010 tax returns, your most recent pay stubs and your investment account statements. Make a copy of your last Form 1040 and pencil in estimates of your 2011 income, estimated itemized deductions, withholding, credits and final tax due or overpayment. Take notice if there are ways to legitimately increase your deductions or defer income into next year and ultimately reduce you taxes for 2011.

Insurance and Estate Planning

Review your life, disability, health, long term care and property and casualty coverage with your insurance agent. Make sure your coverage is adequate and cost effective. Additionally, every adult should have a basic estate plan that begins with a will, durable power of attorney and a health care directive. These documents should be current and stored in a secure place. Also, make sure that the named beneficiaries on your pension plan, insurance policies, IRA's and similar contracts are up to date.

Now is a good time to assure that 2011 will be a good year in your journey toward achieving your financial goals. Take the time now to conduct a mid-year financial review.

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