

The Slight Edge

By Michael J. Searcy



SOME OF THE most important financial issues in life are never addressed because they feel too overwhelming to tackle. People's brains revert to thinking, *if I could just devote one day, one week, one month to accomplishing a task, it would instantly be complete*. Because that thought process could set us up for failure, training our thoughts to work in a new process can be the advantage we need to accomplish our financial goals. By understanding that each small step is an accomplishment, you can focus on the overall picture. When it comes to being prepared and financially secure, even the slightest edge can set you far above the crowd. Here are some common issues and tips for achieving that slight edge.

Organization

Getting everything in order is one of the first steps to financial freedom and often the most daunting. Breaking this task into steps can ease the transition. Start by allocating a binder or filing cabinet to hold your financial statements, and label each section or folder into bank statements, bills, insurance policies, investment accounts and any other important sections you require. After you have a base for organization, you can spend 10 minutes each week placing statements from your stack into the appropriate sections.

Debt Elimination

Using the snowball effect can give you an edge to eliminating debt. While it may seem practical to eliminate your largest debts first, try reversing that idea. By tackling your smallest debt first, you will not only see the number of commitments reduced, but once the smallest is paid off, you can redirect your former monthly obligation toward the next largest

debt and continue this process until it is paid off. Redirect what you had been paying on debt number one and number two to pay off debt number three and so on, thereby gaining momentum with each debt eliminated.

Avoiding Cash Crunch

Keeping up on your taxes monthly can save you from a cash-crunch headache at the end of the quarter or at year end. Starting an account to accumulate these funds throughout the year ensures your cash is ready when needed. Paying in increments, rather than promising to pay in full, can keep your cash flowing and bills from mounting. Also, prepare for large future purchases by creating an account and saving the amount needed in advance; you can pay in cash and avoid additional debt.

Future Generations

The best edge you can pass to your heirs is to get them working toward their financial goals early. By taking advantage of the principle of compounding interest, starting a small savings program now can be far more beneficial than starting a large savings program when they get older. Opening an IRA or 529 education account in their name gives them an edge for financial success in the future.

Go ahead and make one small change today. These small, incremental steps give you the edge in accomplishing your larger financial goals. Like the saying goes, "How do you eat an elephant? One bite at a time ..."

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