8 Steps to a Prosperous 2014 by Suze Orman

Make smart moves now to ensure that you prosper financially in 2014.
It's impossible to map out a route to your destination if you don't know where you're starting from. So let's **take a "before" picture of your finances.**

I want you to open every single financial statement—bank, credit card, mortgage, 401(k), brokerage account—and look at them. Only when you have everything in front of you can you set priorities about what to do next.

When I suggest that people send in more money to pay off credit card balances or increase the amount they save, I hear the same sad story: "Oh, Suze, I would if I could, but there's no extra money left at the end of the month."

I beg to differ. There's no money left because you haven't evaluated your spending habits. You need to **dig deep and be willing to change those habits**; set goals for lifestyle changes that will allow you to save and invest. Take a clear-eyed look at your credit card statements for the past six months. Can you really tell me there isn't at least $50 or $100 you didn't need to spend? I call this "hidden money," and here's how you can find it.

I challenge you to reduce every one of your monthly utility bills by 10 percent. Change your calling plan; dial back the platinum cable package to silver.

I bet you can seriously trim your utilities by spending one afternoon increasing your home's : Attach a draft-blocking guard to the bottom of any external doors; add caulk or weatherproofing material around drafty windows; put low-flow aerators on your showerheads and faucets.

Cars are another great place to save. Plan on driving yours for at least seven to 10 years (regular tuneups will help keep it running longer).

More Savvy Savings

1. Get your credit score by going to MyFico.com. If your score is below 700, two of the best ways to improve it are to pay your bills on time and push yourself to reduce your credit card balances.

2. Separate savings from investments. Money you need or want to spend in the next few years should be kept in a savings account. Money you won't need to use for at least seven years is money for investing.

3. In your 20s and 30s, aim to keep 80 percent of investments in stocks. As you age, slowly ramp up the percentage in bonds; in your 50s and 60s, consider keeping 40 percent or more in bonds.

4. Diversify. Try to reduce any company stock you own in your 401(k) to less than 10 percent of your total retirement assets. Just ask employees of Enron or Bear Sterns about this crucial maxim.

5. Don't obsess over your home's value. Love your home for what it is: a haven for you and your family, not a path to riches.

6. If there is anyone dependent on your income—parents, children, relatives—**you need life insurance.** And every family should have an emergency savings account that can cover at least eight months of living expenses.