



## Going Hi-Tech with Your Checkbook

by Elizabeth Olson

The tax deadline has come and gone yet again. If you, like so many others, have made a "New Tax Year's Resolution" to take a more pro-active approach to your finances for 2007, you might want to consider the advantages of using software, instead of a pen & paper.

### Why Use Software?

The use of software saves time in documenting the information, finding the information, and using the information. For example, most financial institutions allow you to download your entire transaction history directly into financial software programs. Equally as beneficial is the ability to categorize your transactions and report on those categories. And what about that time the water heater broke and you needed to find out if it was still under warranty? A quick search on your computer will find you the purchase date and cost. Financial software can also provide a printout of information for your accountant, reducing the time & cost of tax preparation.

### Choosing Financial Software

#### What do I already use?

If you already have software that you are comfortable using, great! Find more ways to take advantage of what you already have, or perhaps purchase a compatible product. For example, if you already have software that you use for your taxes, look for the corresponding financial software. The look and feel of the software will be similar to what you already use, and chances are that the products will share information, minimizing your need to enter your data twice. Equally as important is compatibility with your financial institutions. Find out which software products work best with your bank's online system – the ability to automatically download

transactions into your software will save significant time over manual data entry.

#### What do I already have?

Go take a look at the software on your computer – if you've purchased your computer in the last couple years, there's a good chance that it might have come pre-loaded with financial software. Just be sure to verify that the software performs all of the functions you want; changing from one software program to another down the road can be a real headache!

#### What do I want to do?

Most financial software is comparable in basic functions – it's the appearance and the advanced functions that are unique to each product. If you want to create complicated reports, to track business expenses, or to integrate with another piece of software, look for specific features that support those needs.



### Other Practical Considerations

Free software (aka "freeware") can be great for simple needs, but don't forget to consider the downsides. Freeware doesn't typically come with technical support, and the likelihood of the software being discontinued is higher than for commercial software. This type of software is best left up to the computer-proficient.

Talk to your bank before signing-up for online services. Once you enroll in online services, your financial institution may assume that they can contact you with important time-sensitive information via email. If you don't have an email address that you check regularly, don't sign up for those services.

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## Develop a Routine

Create a routine with your software that most closely resembles your current routine. If you're used to sitting down once a week with your receipts and balancing your checkbook, keep doing that; but instead, start balancing in your financial software, instead of writing in your checkbook. If you file your important papers once a month, scan & file them on your computer monthly. Or, if you don't have a routine, make sure that your new routine is short and simple, so that you are more likely to keep it going. Perhaps you could download transactions from your credit card once a week, visually scanning them for unrecognized charges.

Most importantly, be sure to start slowly. If you've never used software to track your finances before, begin by using a simple software program to balance your checkbook. Although it may be tempting to go all out and download all of your accounts at once, synchronize with your handheld, build custom asset allocation models, and create pie charts, those systems will be very difficult to maintain. Once you have a basic routine established, start adding one function at a time, being sure not to lose the basics.

It's also a good idea to verify that you have setup your expense categories correctly before proceeding. Your software will probably provide a typical set of categories that will work for most situations. If you want to track particular expenses, add those categories to your list. Also, pay special attention to the categories that track your tax-related expenses, which may help you maximize deductions.

For particular suggestions to best suit your personal needs, please contact your Vantage Relationship Manager.

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