



Online Financial Tools

By Carol Tice

When Lori B. and her husband, Joe, of Chicago, were single and both had full-time jobs, they never bothered to create household budgets. But that all changed shortly after the couple's 2009 wedding, when Joe got laid off from his position in finance and the couple racked up \$18,000 in credit card debt. ■ Looking to get back on track, Lori discovered an online financial tool, Mint.com. Once she felt satisfied about the security

of the service—which is owned by the firm Intuit, maker of Quicken personal-finance and TurboTax tax-preparation software programs—Lori entered the login information for their financial accounts into the site. (Mint.com does not require any personally identifying information, such as a full name or social security number.) She was able to classify spending by category and set firm budget limits for nonessentials such as dining out, lattes and movies. If spending neared its

limit in any category, the site sent her warning e-mails. As a result of their budgeting, the couple paid off their credit card balance this month.

“Now I tell my husband, ‘If you want to know if you can go buy something, take a look on Mint,’” Lori says.

As Lori and Joe learned, the resources for managing your money are just a click away. Sophisticated websites offer a variety of useful tools for cutting credit card debt, budgeting better, comparing

mortgage-loan rates, investing, tracking stocks or planning for retirement.

ONLINE CALCULATORS AND CREDIT REPORTS

The Internet offers many financial calculators, notes Southwest Florida-based credit expert Gerri Detweiler of Ultimate Credit Solutions, who is the personal-finance expert for the credit card-information site Credit.com. She likes the wide array of calculators available at Bankrate.com, which can help consumers quickly figure out mortgage payments, refinancing options, auto-loan rates, appropriate insurance coverage, tax rates and more.

For home sellers wondering how to price their abodes, the real estate portal Zillow.com creates instant trend reports by zip code or neighborhood. Buyers who are not sure if they can qualify for a new mortgage can obtain a free credit report at AnnualCreditReport.com. Federal law mandates that individuals may request a report once a year—from each of the nationwide consumer credit-reporting companies, Equifax, Experian and TransUnion—without charge, Detweiler notes. Services such as Credit.com, Credit Karma and Quizzle also provide credit scores for free.

MONEY MANAGEMENT AND FINANCIAL PLANNING

Calculators and credit reports are just the beginning in terms of online financial-planning help. Sophisticated websites now offer assistance with most financial issues. For a look at the bigger picture, you need comprehensive tools to illuminate your current financial position and assist you in budgeting and saving. Detweiler recommends starting your research at the obvious place—your bank. Many major banks, including Bank of America and Citi, have robust financial-planning tools.

“They [bank sites] tend to focus on online bill paying,” she says, “but some have good money-management tools you can use. And they’ve already got your

[account] information.”

Beyond the banks, one of the most popular financial-planning portals is the one Lori B. used: Mint.com. Its appeal is that you can view all your bank, credit card and retirement accounts together to get a clearer look at your financial situation. Chicago-based financial planner Christopher Long says this can be a revelation to people who have accounts at multiple institutions—and only a dim idea of their spending levels or net worth.

“Mint quickly starts building a history and automatically classifies your expenses, without lots of upkeep,” says Long.

There are both free and fee-charging financial-planning portals, and some sites offer free and paid levels. For instance, Mint.com is free, while another highly regarded financial-planning portal, Mvelopes, charges an annual fee of \$129.60 for its budgeting tools, which emphasize setting aside the money needed to pay bills.

When it comes to picking individual stocks, Morningstar has both free and fee-

based options for its online stock-screening tools. Betterment, another investing site, charges a small fee based on portfolio size. Paid sites tend to have more sophisticated tools, so compare carefully.

GETTING STARTED

Once you know the type of online financial help you want, explore the various sites. Whichever site you choose, you’ll need to invest some time getting set up—new users will need to enter all the identification information for each of their banking and retirement accounts.

If you don’t have online banking with any of your financial institutions, Detweiler notes, your first step will be to sign up for it with each of your accounts, because financial-aggregator sites such as Mint.com add your account information by accessing your existing online data.

Before you plug in your account numbers, be sure you’re on a secure, established website with a proven track record. For starters, look for a secure data-entry page

that starts with “https:” (rather than “http:”), which indicates the site has a security layer in place. Check with the Better Business Bureau, and look up the site address at www.whois.net to learn where the company is located and how long it’s been in business.

“Scam sites tend to be only a year or two old, and the address may be a warehouse or an empty lot,” Detweiler says. Online tools such as Google Earth allow you to view a street address and make sure it looks legitimate.

BENCHMARKING YOUR PROGRESS

How are you doing at saving and budgeting compared to your peers? It’s never been easier to find out, thanks to online tools that aggregate users’ financial data and make it searchable by various factors. For instance, on Betterment you can see how others like you are investing. A site called Bundle has an “Everybody’s Money” feature that allows users to filter credit card spending data by age, income, zip code and

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household status. Such data gives a quick context for your budget to help spotlight possible areas for spending cuts.

GOING MOBILE

The boom in sophisticated smartphones is starting to take online personal-finance tools to a whole new level, says Jim Bruene, editor of the financial-industry publication *Online Banking Report*. Banks are seeing the need for additional security features and stepped-up responsiveness to con-

sumer concerns. Already, wire transfers on some mobile systems require an additional security code, making it harder for thieves to access your bank account.

A few banks, including JPMorgan Chase and USAA, offer applications that allow customers to photograph endorsed checks and deposit them electronically from their iPhone or Android mobile phones. Stock-trading sites are going mobile, too: For example, Zecco, E*Trade and TD Ameritrade offer mobile phone

apps for trading on the go.

Mobile phones can also keep you in closer touch with financial institutions—for instance, an online bank account could be programmed to send your phone an instant alert if your account balance dips below a preselected level. This is preferable to opening a bank statement weeks later and finding an overdraft charge.

MEETING WITH A PLANNER

At a certain point, though, most of us need to know more about money management than computer algorithms can tell us—which is when advice from a certified financial planner is most valuable. No matter how sophisticated online financial-planning tools are, they have their limits, says financial planner Long. Portals such as Mint.com can be great for cash-flow management, but fall short in guiding you through complex decisions.

“The site can’t consider all the trade-offs,” he notes, “like what would happen to your retirement timeline if you took a major vacation now.”

It’s also important to remember that website calculators are only as good as the data you put in, notes Lisa Simonson, a financial planner with wealth-management firm Laird Norton Tyee in Seattle.

“You enter an assumed rate of return on your portfolio, and an assumed rate of inflation,” she says. “But most people are just taking their best guess. They don’t realize how a subtle difference in those numbers can make a big difference in the outcome.”

There’s still no substitute for a face-to-face meeting with a qualified financial planner when it comes to assessing long-term priorities and tolerance for risk, and discussing the implications of various choices. In the meantime, the host of useful online budgeting tools can augment your financial planning. ▲

This story is not meant to constitute financial advice. Use discretion, research sites or consult with a financial planner before providing personal information online.

Carol Tice is a Seattle-based business and finance journalist.

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