By Jason Alderman

When it comes to making New Year's resolutions, getting into good shape financially ranks right up there with losing weight and eating healthier. All three goals require discipline and planning; and, as you've no doubt experienced, it's not unusual to encounter setbacks along the way.

Don't let losing a minor battle here or there convince you to surrender on the bigger war. You'll probably have more success if you start out taking small steps, learning from your mistakes and gaining momentum as you go.

Here are a few suggestions for better managing your personal finances in the New Year:

The first step on the road to financial health is to create a budget you can live with. If you're new to budgeting or haven't been successful in the past, start slowly. For a few months write down every cent you spend: mortgage/rent, utilities, food, gas, medical copayments, credit card interest – the works. You'll be surprised where you money goes.

At the same time, compare money coming in (income) to money going out (expenses). If you're just breaking even or losing money each month, you need to boost your income and/or aggressively trim spending. Try these strategies:

- Pay bills on time and send at least the minimum amount due. You'll avoid late fees and related interest rate increases; plus, you'll improve your credit score.
- Balance your checking account regularly and use in-network ATMs to avoid overdrafts and fees.
- If your employer offers flexible spending accounts, use them to pay health and dependent care expenses with pretax dollars.
- Raise insurance deductibles and shop around for better rates.

Once you start reducing expenses, use the savings to pay down debts more quickly. Try

making a table of all outstanding credit card and loan balances and their corresponding interest rates. Then, each month pay the minimum amount due on each – except pay as much as possible on the account with the highest interest rate. Once that one's paid off, move to the next-highest rate account and so on.

Another smart move is to have an emergency fund in case of financial upheaval (layoff, medical emergency, unexpected car repairs, etc.) Ideally you should save enough to cover six months' of expenses, but don't be discouraged if that sounds insurmountable: Start slowly by saving a few dollars each week. You won't miss it and your little nest egg might just save you from needing an expensive short-term loan to cover an unplanned bill.

If something terrible happened to you, would your family be protected financially? Make sure you have a valid will, durable power of attorney, health care proxy and living will. Numerous books, online articles and sample forms are available if you want to draft them yourself, but you should probably review your documents with a financial advisor or attorney to avoid potential legal problems. Also, make sure you have adequate life and disability insurance.

It's debatable how much Social Security will be able to contribute toward your retirement income in coming decades, so if you're not already participating in your employer's 401(k) plan or an IRA, make that one of your top financial resolutions.

Sticking to resolutions is never easy – if it were, we'd already be doing them. But striving to improve your financial situation now will pay off big-time down the road.