

Financial Preparation For 2018



2018 is here – are you ready?

Usher in the New Year with plans for financial improvement and resolutions to do more.

Here are some tips to get you started:

Tune your budget

It's great to start off the new year with a plan. A budget is just that—a plan that starts with the income you expect and your fixed expenses such as your mortgage, insurance and utilities.

The plan incorporates your savings goals, and the remaining

money is designated for your other expenses. A realistic budget will help you set your financial goals and will remind you to stick to them. Now is the perfect time to assess last year's budget or create a new one if you don't yet have one in place.

Reviewing how you spent last year's money will help you make better financial decisions for the year ahead. While thinking about it, include a method for tracking your spending. You can do this on a spreadsheet or tag items in your checking account.

Even with a solid plan, there can be surprises along the way, so be sure to build an emergency fund into your budget.

Plan ahead to meet your goals

Consider how you will accomplish your goals. You might have shorter-term goals, such as purchasing a new home, as well as longer-term goals, like retirement. Each set of goals requires different kinds of planning and saving.

Financial planners recommend setting up a separate savings account for each goal. This way, your progress toward that goal is clear.

It's best to work backward for determining how much you need to save for each goal. Determine the cost of your goal and then establish a reasonable time-frame as well as how much you'll need to save each month to reach it.

Spend mindfully

Make your financial future more secure this year by identifying your wants and needs. Your needs are necessary for survival and include food and shelter. Your wants are simply things you desire—like a luxury car. Tend to your needs first. Then, if there is money remaining, consider your wants.

This might sound obvious, but for many of us, the lines between wants and needs are blurred.

Maximize tax contributions

Tax deductions can be a valuable source of savings. If you have employer-matching funds available, take advantage of them. Also, verify with your HR contact and your accountant that you are contributing the optimal amount to your 401K and IRA.

These are just a few of the many ways you can prepare financially for the coming year. With a little attention to some often-overlooked details, a little perseverance and a little mindfulness throughout, you'll be moving forward with a strong foundation and positive outlook.