

*Building & Preserving Wealth by Design - Not by Chance*

QUALITY FINANCIAL CONCEPTS

## QFC's Insights

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Category: Financial

### Five Tips for Keeping Your Financial New Year's Resolutions

In the spirit of the new year, I suggest you take the time to write out your financial new year's resolutions. Financial resolutions can be especially difficult to stick with because, like eating and exercising, our spending, saving and investing habits tend to be tied to our emotions more than our logic. Here are five tips to improve your chances of keeping these resolutions in 2018.

- 1. Form new habits by tying them to current behavior.** If you have a regular system for paying bills, make a "bill" for your financial savings goals and pay it (by making a contribution to your retirement plan, college funding account, etc.) while you pay the other bills.
- 2. Put your investing on autopilot.** One of the easiest ways to keep saving and investing goals is to set up automatic deposits or investments. Payroll deduction for 401(k) contributions or reimbursement accounts are great examples – you never have possession of the cash, so you don't feel the pain of taking it out of your spending money. The same can be done for saving outside of your employer retirement plan. You can set up your monthly investments to draft from your checking account on a set day each month. This creates a behavior of "paying yourself" first, rather than with funds that are left over at month end.
- 3. Make your resolutions achievable and realistic.** Many people make resolutions without much planning or forethought – and fail the same way. If you are serious about your financial resolutions, do some homework, crunch some numbers and put your plan in writing.
- 4. Break them down into small steps.** Trying to keep too many resolutions at once will leave you feeling overwhelmed, or can cause a shock to the monthly budget. For example, if your goal is to start adding \$450 to your Roth IRA, start with a smaller amount and increase the contributions gradually each quarter until you reach your goal of \$450. Being consistent will make you much more successful with saving and investing, rather than starting with an unsustainable amount, and getting discouraged when you cannot sustain it.

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*Insights Continued:*

5. **Work with an accountability partner or coach.** Anyone who has tried to implement a weight loss or exercise plan knows that a buddy system increases the odds of success. If you need help sticking to your financial resolutions, we can work with you to create a plan for keeping your resolutions, whether they include college planning for your child or grandchild, or funding your retirement.

While there is no foolproof way of ensuring that you will keep your resolutions, these tips can help set you up for success. Please call our office for an appointment to discuss your resolutions and we can work together to make this a prosperous new year!