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Marc A. Hebert's 'Money \$ense': New Year's financial resolutions

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NEW YEAR'S is a great time to get a fresh start in life. One aspect of this could include taking a look at your personal finances. Here are a few items that might be on your list to review.

The first one is your goals. Are they still the right ones to reach for? It is important to set and review your goals since many financial decisions are based on what you want to achieve.

Another first step is to either create or review your budget. What is coming in for income and going out for spending? If you had a budget for 2020, how closely were you able to follow it? Does it need modifications?

Are there recurring line items that no longer make sense? A budget will give you a baseline to follow and help you decide if something is truly needed to maintain your lifestyle.

The next step is to continue saving in 2021. Due to the COVID-19 pandemic, some people haven't been spending as much on travel, entertainment or dining out.

Commuting costs, for example, might have been negligible due to working from home. When the situation changes, be careful to ease back into spending higher amounts. You might want to maintain some of the savings.

It is important to remember that saving consistently, no matter how much the amount is, adds up over time.

Your goals should include having an emergency reserve. Whether it is a wildfire, job loss, flood or medical issue, an emergency reserve can help get you through the tough times. The amount generally suggested is three to six months of expenses. The exact amount depends on your individual circumstances.

A self-employed individual with inconsistent income streams may want a higher reserve. This is another area in which using small amounts to build a balance over time can result in a considerable sum when you need it most.

Debt can be a big action item on a lot of people's financial resolutions. Develop a strategy to pay your debt back. Shop around for lower rates, whether it is on your mortgage or credit card.



Know your options. Decide if refinancing really makes sense considering the costs involved. Explore the possibility of obtaining flexible payback terms with any parties holding your debt, such as your credit card company or landlord.

If needed, seek counseling from a reputable debt counseling organization.

No matter how far away retirement may be for you, today is the day to start getting ready for it. It pays to review your employer's retirement plan. Take advantage of your options and try to get the most of any employer matching contribution.

Once again, even a little saved over time can result in more dollars available to you at retirement.

It is probably a good time to review your estate planning documents if you have them or get them drafted if you don't. Documents such as wills, medical directives and powers of attorney can make handling your affairs easier on loved ones during emotional times.

Life events can have a significant impact on these documents. Milestones such as marriage, divorce or having children can change your financial plan. It is important to consider that estate tax laws change as well.

What worked for your plan in prior years may no longer be effective going forward.

Perhaps 2021 is the year to make financial literacy a priority. There are many sources of information. Just be sure to consult enough sources to determine whether the financial advice is sound.

Blindly trusting everything you read isn't a good idea. If something sounds too good to be true, it probably is.

Now might also be a good time to consider speaking with a personal adviser, such as a certified financial planner to get your finances on track for 2021 and beyond.

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