



Five Financial Resolutions for a Prosperous New Year

You have goals for the New Year, things you want to accomplish for yourself or your loved ones, or a cause you want to support. And because some of your goals likely involve money, personal finance experts suggest making a New Year's financial resolution to help attain them.

"Absolutely, making financial resolutions for the New Year is a smart thing to do," said Joseph R. Birkofer, CFP®, principal at Legacy Asset Management Houston, Texas. "It puts a person on the road to meeting their goals and controlling their own financial future."

The key to keeping a New Year's financial resolution, he said, is to "put a due date on it" — set a goal that's reasonable and not too daunting to attain, peg a date by which you aim to attain it, then put it down in writing, whether in your smart phone's calendar, or in a pocket or wall calendar to which you refer often. Once the calendar turns to January 1, what you want is a financial resolution that is both impactful and easy to keep. **Here are a few to consider:**

1. Create an emergency fund to cover unexpected expenses. While one rule of thumb said the fund should include enough to cover six to 12 months of household expenses, Birkofer suggests as a starting point to set aside enough to cover insurance deductibles — health, auto, homeowner's/renter's, etc.

Set the money aside in an account you won't be tempted to raid, such as a CD (certificate of deposit, available from virtually any financial institution), which typically offers an interest rate slightly higher than that of a savings account, with negligible penalties for withdrawing funds early.

Tip for success: Build an emergency fund incrementally. By the end of the first quarter of the year, save enough to cover your health insurance or homeowner's/renter's insurance deductible, for example, then in each quarter thereafter set aside enough to cover other deductibles.

2. Save (more) toward retirement. If you don't have an IRA (individual retirement account) or some kind of workbased retirement plan, such as a 401(k) or pension, establish one yourself or get involved in whatever plan your employer offers, Birkofer suggests. Even setting aside (or increasing your plan contribution) a little bit can make a major difference down the road. To find a plan that's right for you, ask your employer or a financial adviser for guidance.

Tip for success: Through your bank and/or employer, set up automatic contributions to your retirement plan.

3. If you have a child, start saving for college. Tax-favored college savings plans (such as a state-sponsored "529" plan) typically are simple to set up and maintain, with contribution requirements as low as \$25 a month, notes Birkofer. Whether it's for an infant or a teenager, it's worth setting up a plan.

Tip for success: Make it your goal to set up a college savings plan by the child's next birthday, and set up automatic contributions.

4. Review last year's tax returns and, if you received a refund, work with your employer to adjust your tax withholding rate so extra money stays in your paycheck rather than going to the government in what amounts to an interest-free loan from you. The average federal tax refund in 2013 was \$3,000, said Birkofer. "Who wouldn't want an extra \$250 a month" to save, spend or to pay down debt?

Tip for success: Put that extra money to constructive use (to pay down a credit card balance or put toward retirement, for example), but use some of it to reward yourself, too, with a meal at your favorite restaurant, a golf outing, a spa treatment, etc.

5. Review your insurance policies — homeowner's, health, auto, etc., and assess whether that coverage is appropriate to your situation. Are you missing out on discounts? Do you have more, or less, coverage than you need?

Tip for success: Consult a financial planner or insurance agent for help reviewing your insurance. Just one hour of their time can result in hundreds, even thousands, of dollars in savings.

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Other financial resolutions worth considering:

- Review utility bills — phone, Internet, cable TV, etc. — to look for savings opportunities via bundling, switching plans, etc.
- Review how your retirement plan assets are allocated and rebalancing (reallocating) them as necessary, preferably with the help of a financial planner.
- Review your credit history/credit score via the major credit agencies, looking for discrepancies, red flags indicating potential identity theft issues, unused accounts to close, etc.

Workplace Goals for the New Year

The new year brings hopes and dreams for the future. You've made your resolutions — to lose weight, exercise, plan a dream vacation, for example. Don't forget, however, that you also spend one-third of your day at work. You can improve your on-the-job enjoyment and your productivity by making the following work resolutions.

Learn new skills: To keep your career moving forward and prevent burnout, learn some new skills. Investigate which ones you'll need for a promotion or for your dream job, then make sure you acquire them. Make a resolution to always be learning something new.

Keep organized: Most people don't function well in the midst of chaos. The clutter on your desk likely distracts you and muddles your thinking. If your office is disorganized, the time you spend getting organized will be paid back in less stress and increased productivity.

Make a resolution to spend the last 15 minutes of every day clearing your desk and getting organized for the next day.

Take daily breaks: Human beings aren't built to sit at a desk for hours at a stretch — that's why the coffee break was invented. But, there are better ways to use your breaks — quick, simple techniques that rejuvenate the body, mind and spirit so you can return to work refreshed and ready to accomplish great things.

The following energizing breaks take less than two minutes: Count down from 10 to one, taking a deep breath with each number. Read affirmations, inspiring quotes or poetry. Read a couple of pages of a book. Put your hands over your eyes and visualize a favorite vacation spot. Gaze out a window. Listen to your favorite music. Stand up and stretch your muscles. Doodle. Drink a full glass of water. Eat a healthy snack. Take a short walk.

Structure your time: Are you wasting time taking care of things that just aren't important? If so, you'll be frustrated when you fritter away your workdays doing things your boss would consider insignificant.

The solution is to block off one or two hours of quiet time each day that you spend focusing on your important tasks. Since most people concentrate best in the morning, choose your quiet time early in the day. Then transfer your calls to your voice mail and put a "Do Not Disturb" sign on your door. Make a resolution to set aside quiet time every day to work on your important projects.

Keep an accomplishment journal: Buy a separate notebook for an Accomplishment Journal. At the end of the day, write the date on a new page and write something that you accomplished. It doesn't have to be something major. Even little steps of progress need to be acknowledged.

For example: "I dealt with Mr. Jones, a difficult customer, in a very kind and professional way." "I wrote two pages of a special report."

Writing such a journal increases your enthusiasm as you look for things to accomplish and write in your journal. Your focus will be on what you did instead of what you didn't do. Keeping the journal will also give you more confidence during employee reviews or when asking for a promotion.

One last thought: When you follow through on your work resolutions and make them daily habits, you'll experience increased productivity, more energy and enthusiasm and the joy of accomplishment.

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