

Keep Your Financial Resolutions in the New Year

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*When a recent survey asked Americans about their financial resolutions for the New Year, saving more (55% of respondents), paying off debt (20%) and spending less (17%) topped the list. But **resolving** to do something and actually doing it can be two different things. January's Wealth Management Insights offers some tips to making this year's financial resolutions stick.*

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Sound financial planning should be done year-round, but for many, the New Year is just the push they need to get started.

– Tim Steffen,
Director of Financial Planning

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What you should know:

1. Make saving money as painless as possible.

- Take advantage of employer-sponsored savings plans that allow automatic payroll contributions. You might not feel the deduction from your paycheck and may even reap a tax benefit or employer match.
- If you can't give up that morning coffee, bring it in from home. Filling up a thermos or brown-bagging your lunch lets you save without depriving yourself.
- Get healthy. A healthy lifestyle can help you save money (by reducing spending on items like cigarettes or medications) and through life and

health insurance premiums. Plus you get the benefit of feeling better and having more energy.

2. Make a plan to pay off debt.

- Some kinds of debt are better than others. To retire credit card, department store and auto loan balances faster, pay as much as you can every month, rather than the minimum. It can help tremendously.
- By transferring high credit card balances onto the card with the cheapest interest rate, you're essentially trading a higher-interest bill for a lower one. Paying off that card as quickly as ▶

possible allows you to “snowball” your credit card payments until you’re debt-free.

- Federal student loans have several repayment plans to choose from, such as standard, graduated and extended. Make sure you’re enrolled in the plan that’s right for you – but be aware that the ones that allow a smaller payment upfront will typically cost more in total over time.

3. Spending less can be as simple as making more thoughtful choices.

- D-I-Y. For basic tasks like cooking, cleaning or shoveling the driveway after the first winter storm, it’s often cheaper to tackle it yourself. Often all you’ll need are a few supplies, some gumption and a five-minute Internet search.

- Consider all your options. Does your credit card have a rewards program – and are you enrolled? Does your life insurance policy include an inexpensive roadside assistance rider? It can pay to ask questions and read the fine print.
- Be wary of impulse buys. If you come across an unplanned but “must-have” item, give yourself a few days and see how you feel. You may find the item wasn’t as much a necessity as you thought.

What you should do now:

The secret to keeping any resolution, financial or otherwise, is knowing yourself – by understanding both your strengths and weaknesses, you can avoid situations that might tempt you into making a bad decision. Your Baird Financial Advisor can talk you through your financial resolutions and the best ways to keep them. ■