



5 Financial Resolutions You Need to Make

by Donna Fuscaldo

Published December 31, 2013 | FOXBusiness

Ring in the New Year isn't only about sipping champagne and watching the ball drop, it's also the time to set new resolutions. While setting personal goals like getting in shape or learning a new language are important, don't forget about your finances.

Whether you are looking to beef up your retirement account or eliminate debt, it's all about setting realistic and quantitative goals.

"People bite off more than they can chew," says Kimberly Foss, founder of Empyrion Wealth Management. "They have great aspirations both physically and fiscally but three quarters of the way into January, everything fizzles out."

Financial planners recommend setting one to three financial goals for 2014 and offer the following suggestions that anyone can pledge to do in the new year:

Resolutions No.1 Live Within Your Means

For most of us, plastic is king at the checkout register. Swiping a credit card is fine as long as you pay off your statement every month, but it can be easy to overspend when all it takes is a quick swipe and signature to make a purchase.

Whether you are fresh out of college, middle aged or living in retirement on a fixed income, everyone needs to commit to living within their means, says Curt Knotick, chief executive of Accurate Solutions Group.

"We are more responsible for our own financial wellbeing than we have ever been before," says Knotick. "You have to make sure at the end of the month you haven't spent more than you brought in."

He recommends spending the first 30 days of 2014 writing down every penny you spend to get an accurate snapshot of your spending habits. With this information you can make a realistic budget to live within your means.

Resolution No. 2: Pay Down Your High-Interest Rate Debt

Credit card debt is a big problem for millions of Americans and can be a major road block to saving for college or retirement, or even purchasing a home or car.

"Let's say you have \$5,000 in credit card debt at 21%," says Foss. "That's a 21% negative return on your investment."

To help reduce your debt load in the new year, he suggests paying down the credit card bills that have the highest interest rate and then working your way down to the cards with lower rates.

Resolution No. 3: Diversify Your Investments

Even with a bullish stock market, experts still recommend adequate portfolio diversification of stocks and bonds.

"We're at a point in history that we've never been at before," says Anthony Saccaro, president of Providence Financial & Insurance Services. "The most common components of the investment world are not looking good." For instance, he says the run up in the stock market this year, coupled with the Federal Reserve's actions could reverse in 2014, ushering in a period where stock prices decline.

As for bonds, Saccaro says the value should fall next year as interest rates move higher. "When interest rates go up bond values go down," says Saccaro. "For the last decade, interest rates have gone down to the lowest point they've ever been in history. If they are going anywhere, they have to go up."

Resolution No. 4 Commit to Saving

Everyone knows they should have an emergency fund and retirement savings, but that's easier said than done. Foss suggests making savings a priority this year, even if it's just \$20 a week.


Making this commitment means reviewing any work benefits to make sure you are taking advantage of every offering. Foss says he had one client who didn't participate in his company's matching program, even though the employer matched up to \$6,000 a year. "It's like giving away \$6,000 in free money."

Resolution No. 5 Review Your Life Insurance

Americans are one of the most insured populations in the world, but not everybody is taking out enough life insurance, according to Saccaro.

He recommends reviewing all your policies to make sure you aren't underinsured. "Sit down and think about why you are buying coverage and what you want the coverage to do for you." For instance, if you want coverage to pay off your home in the event of your death, then make sure there's enough money in the policy to do that. If you want to make sure your spouse and children are taken care of, calculate the costs to maintain the current lifestyle.

"A good rule of thumb is to take the amount of annual income you think the survivor will need and divide it by 4%," says Saccaro.

 Print  Close

URL

<http://www.foxbusiness.com/personal-finance/2013/12/31/5-financial-resolutions-need-to-make/>

[Home](#) | [Video](#) | [Markets](#) | [Industries](#) | [Economy & Policy](#) | [Investing](#) | [Technology](#) | [Personal Finance](#) | [Business Leaders](#) | [On Air](#) | [Small Business](#)

Quotes delayed at least 15 minutes. Market Data provided by Interactive Data (Terms & Conditions). Powered and implemented by Interactive Data Managed Solutions.

Company fundamental data provided by Morningstar. Earnings estimates data provided by Zacks. Mutual fund and ETF data provided by Lipper. Economic data provided by Econoday. Dow Jones & Company Terms & Conditions.

This material may not be published, broadcast, rewritten, or redistributed. © 2014 FOX News Network, LLC. All rights reserved. Privacy | Terms