



Financial Strategies
For Your Future

January 2024 Newsletter



No matter how last year went for you, the new year brings a start as fresh as newly fallen snow. What would you like 2024 to look like? Maybe you're committed to spending more time with your family and friends, or you're going to start jogging again (for real this time!). Are there any financial goals on your list for 2024?

Whether you have years of experience under your belt or are completely new to the financial scene, it can help to have someone to talk with. We'd be happy to be that person for you! Please feel free to reach out to us at (603)343-4515 or via email at Eric.Wasson@AztecFG.com.

Did you know...

There are over 7,000 languages spoken in the world!

Although it is difficult to pinpoint exactly how many because language is constantly evolving, it is agreed that there are over 7,000 worldwide. The top five natively spoken languages are Chinese, Spanish, English, Arabic, and Hindi.

Winter Film Weekend

Where:

The Dance Hall

7 Walker St.

Kittery, ME 03904

When:

Friday - Sunday, January 19-21, 7-8:30 pm

The Dance Hall will be launching their first Film Weekend, featuring a documentary and several art films throughout Saturday and Sunday. They will focus on climate science, oceanography, and themes of love, loss, isolation, and connection. There will also be a family-friendly movie on Friday night.

Indoor Farmer's Market

Where:

Wentworth Greenhouse

141 Rollins Rd.

Rollingsford, NH 03805

When:

Saturday, January 6 and 20, 10am-2pm

Here's your chance to support your local farmers and business owners.

Collaborating with Seacoast Eat Local, this local gem of a greenhouse is hosting an indoor farmer's market for two Saturdays in January. You can expect to find an abundance of different vendors, selling everything from fruit and veggies, to meat, eggs, maple syrup, baked goods, body care products, and more! All the vendors make, grow, or harvest their products, so it is 100% local!

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Claudia and Some Familiar Faces

Where:

The Press Room, Upstairs

The Berwick Historical Society Supper Club

Where:

*Corner Point Brewing Company
1 Rochester St.*

77 Daniel St.
Portsmouth, NH 03801

When:
Sunday, January 14, 6-9pm

This band of five well-known local musicians will be playing jazz for an evening of music, dinner, and dancing. Doors open at five and the show will begin at 6. You can look forward to some of Stuff Smith's songs, as well as their own originals.

Berwick, ME 03901

When:
Sunday, January 21, 4-6pm

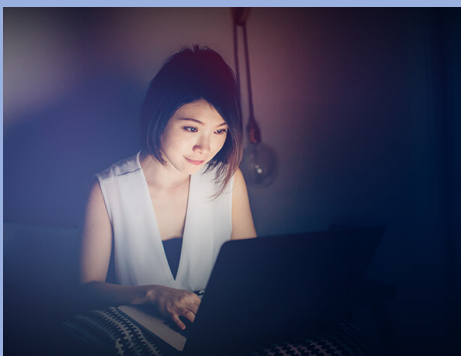
An early evening event to kick off Berwick Historical Society's revival. You will be able to enjoy appetizers from Badwolfe Butcher & Deli, and craft beer from Corner Point Brewing Co. There will also be non-alcoholic options. Historical archaeologist Tad Baker will be giving a presentation on the history of beer and taverns in Berwick and beyond.



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Budget Check Up: Tax Time Is the Right Time



Every year, about 140 million households file their federal tax returns. For many, the process involves digging through shoe boxes or manila folders full of receipts; gathering mortgage, retirement, and investment account statements; and relying on computer software to take advantage of every tax break the code permits.¹ It seems a shame not to make the most of all that effort.

Tax preparation may be the only time of year many households gather all their financial information in one place. That makes it a perfect time to take a critical look at how much money is coming in and where it's all going. In other words, this is a great time to give the household budget a checkup.

Six-Step Process

A thorough budget checkup involves six steps.

1. **Creating Some Categories.** Start by dividing expenses into useful categories. Some possibilities: home, auto, food, household, debt, clothes, pets, entertainment, and charity. Don't forget savings and investments. It may also be helpful to create subcategories. Housing, for

example, can be divided into mortgage, taxes, insurance, utilities, and maintenance.

2. **Following the Money.** Go through all the receipts and statements gathered to prepare taxes and get a better understanding of where the money went last year. Track everything. Be as specific as possible, and don't forget to account for the cost of a latte on the way to the office each day.
3. **Projecting Expenses Forward.** Knowing how much was spent per budget category can provide a useful template for projecting future expenses. Go through each category. Are expenses likely to rise in the coming year? If so, by how much? The results of this projection will form the basis of a budget for the coming year.
4. **Determining Expected Income.** Add together all sources of income. Make sure to use net income.
5. **Doing the Math.** It's time for the moment of truth. Subtract projected expenses from expected income. If expenses exceed income, it may be necessary to consider changes. Prioritize categories and look to reduce those with the lowest importance until the budget is balanced.
6. **Sticking to It.** If it's not in the budget, don't spend it. If it's an emergency, make adjustments elsewhere.

Tax time can provide an excellent opportunity. You have a chance to give your household budget a thorough checkup. In taking control of your money, you may find you are able to devote more of it to the pursuit of your financial goals.

1. IRS.gov, 2023

Do Your Kids Know the Value of a Silver Spoon?



You taught them how to read and how to ride a bike, but have you taught your children how to manage money?

The average debt for student borrowers is \$40,499. And nearly 11% of new graduates will default within the first twelve months of repayment.^{1,2} For current college kids, it may be too late to avoid learning about debt the hard way. But if you still have children at home, save them (and yourself) some heartache by teaching them the basics of smart money management.

Have the conversation. Many everyday transactions can lead to discussions about money. At the grocery store, talk with your kids about comparing prices and staying within a budget. At the bank, teach them that the automated teller

machine doesn't just give you money for the asking. Show your kids a credit card statement to help them understand how "swiping the card" actually takes money out of your pocket.

Let them live it. An allowance program, where payments are tied to chores or household responsibilities, can help teach children the relationship between work and money. Your program might even include incentives or bonuses for exceptional work. Aside from allowances, you could create a budget for clothing or other items you provide. Let your kids decide how and when to spend the allotted money. This may help them learn to balance their wants and needs at a young age when the stakes are not too high.

Teach kids about saving, investing, and even retirement planning. To encourage teenagers to save, you might offer a match program, say 25 cents for every dollar they put in a savings account. Once they have saved \$1,000, consider helping them open a custodial investment account, then teach them how to research performance and ratings online. You might even think about opening an individual retirement account (IRA). Some parents offer to fund an IRA for their children as long as their children are earning a paycheck.³

As you teach your children about money, don't get discouraged if they don't take your advice. Mistakes made at this stage in life can leave a lasting impression. Also, resist the temptation to bail them out. We all learn better when we reap the natural consequences of our actions. Your children probably won't be stellar money managers at first, but what they learn now could pay them back later in life – when it really matters.

1. EducationData.org, August 20, 2023

2. EducationData.org, August 27, 2023

3. Once you reach age 73 you must begin taking required minimum distributions from a Traditional Individual Retirement Account in most circumstances. Withdrawals from Traditional IRAs are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty. Contributions to a Traditional IRA may be fully or partially deductible, depending on your adjusted gross income.

Pay Yourself First



Each month, you settle down to pay bills. You pay your mortgage lender. You pay the electric company. You pay the trash collector. But do you pay yourself? One of the most basic tenets of sound investing involves the simple habit of “paying yourself first” – in other words, making your first payment of each month a deposit into your savings account.

The saving patterns of Americans vary widely. And too often, short-term economic trends can interrupt long-term savings programs. For example, the U.S. Personal Savings Rate jumped from 2.9% in April 2008 to 7.3% in May 2008 during the housing and banking crisis. It then rose and fell sporadically as the economic environment appeared to stabilize. As of 2023, the average rate has fallen significantly from COVID-era highs of 33.8% in April 2020 to 4.3% as of June 2023.¹

The Genius of Pay Yourself First

Anyone who’s ever managed their own finances knows that saving can be a challenge. There seems to be an endless stream of expenses that demand a piece of each month’s paycheck. Herein lies the genius of paying yourself first: you get the cream at the top of the bucket, and not the leftovers at the bottom. The trick is to prioritize. Make it a point to put your future first. At first, saving may mean a small lifestyle change. But most individuals want to see their net worth increase steadily. For them, finding ways to save becomes more of a long-term commitment than a short-term challenge.

Putting Your Money to Work

What will you do with the money you save?

If retirement is your priority, consider taking advantage of tax-advantaged investments. Employer-sponsored retirement plans, such as 401(k)s, can be a great way to save because the money comes out of your paycheck before you even see it. Also, as an added incentive, some employers offer to match a percentage of your contributions.²

For money you may want to access before retirement, consider placing the funds in a separate account. When the balance hits your target, you may want to move the money into investments that offer the potential for higher returns. Of course, this may mean exposing your money to more volatility, so you’ll want to choose vehicles that fit your risk tolerance, time horizon, and long-term goals.

In the pursuit of growing wealth, sound habits can be your most valuable asset. Develop the habit of “paying yourself first” today. The sooner you begin, the more potential your savings may have to grow.

1. Fred.StLouisFed.org, 2023

2. In most circumstances, you must begin taking required minimum distributions from your 401(k) or other defined contribution plan in the year you turn 73. Withdrawals from your 401(k) or other defined contribution plans are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty.



business owners and employees manage their financial goals through a comprehensive wealth management process.

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