

5 healthy financial habits for the New Year

Stay motivated. Stay organized. Stay on track.

1. PAY YOURSELF FIRST

You've probably heard it time and again, but one of the most important financial habits to instill is making saving a priority. Rather than saving whatever is left over after that month's expenses, start putting a portion of every paycheck away. Automating payments is one of the best ways to save. If your company offers a retirement plan, set up automatic contributions from every paycheck. Set up auto-direct deposits from your checking account into a savings account every two weeks or every month. The easier you make it on yourself, the more likely you will be to stick with it.



2. BUILD EMERGENCY SAVINGS

Forty percent of people couldn't cover a \$400 emergency with cash and would need to borrow money or sell something to cover the cost.* Your monthly bills – rent / mortgage, phone, car, etc. – should never come as a surprise, but there will always be unplanned expenses you can't control. Having money tucked away will make you feel more confident and prevent panic if an emergency arises. Start small, then slowly increase your savings a few percentage points every year.

*Federal Reserve Report on the Economic Well-Being of U.S. Households in 2017



3. KNOW WHERE YOU STAND

If you don't know how much you have and how much you spend, you can't make informed decisions. Take stock of your finances. Review your bank or credit card statements over the last 12 months to better understand your spending patterns, from fixed costs to flexible costs such as groceries, personal shopping and entertainment. Did you spend too much on dining out last year? Make it a point to start bringing your lunch to work or cooking more meals at home.



4. SET GOALS AND MAKE A BUDGET

Many financial experts suggest you should have enough saved up to cover six months' expenses. That can be daunting if you've just started saving, but starting small will make it feel much more attainable. Set a goal to saving one months' expenses, then two and so on. Big financial goals – from going on vacation to buying a home – can seem so out of reach it's easy to get discouraged. Set short, mid and long-term goals and celebrate your wins. After you've set your goals, create a budget or spending plan to reach them.



5. LEARN TO SAY NO

Once you have a budget, sticking to it is key. It's okay to turn down a coffee date or trip with friends. You can't say "yes" to every temptation and still meet your goals. When you feel pressured to spend, try putting that expense into perspective of your larger financial aspirations to see the bigger picture.

