



Budget Planning for the New Year

As we begin 2021, there's no better time to get your finances in order, starting by creating a budget.

The New Year is often associated with beginnings: new commitments, new resolutions, new opportunities. And as you begin writing 2021 on your (digital) checks, it's the perfect time to begin creating a new budget.

Creating a formal budget can be far more helpful than spending your money spontaneously, especially if you incurred unexpected expenses in the previous year. For many, 2020 and the Covid-19 pandemic extracted a heavy human toll, impacting every aspect of our lives. Whether you incurred medical expenses, suffered setbacks in your professional life, took on loan debt or saw your personal savings dwindle, making a budget can help you regain control of your financial life.

Credit crunch

Making a budget — and sticking to it — is especially helpful for those who rely on credit cards to pay for everyday necessities, like food and utilities. The number is not modest, with more than one-third of Americans turning to plastic to pay their monthly food bills¹. Making a budget can help curb your dependence on those plastic debt creators while curbing your spending habits.

There's an app for that

Not sure how to start the budgeting process? Have no fear, budgeting apps are here. Whatever your smartphone OS, there are hundreds of apps that can help you develop, monitor and assess your budget. Many of the best apps sync with your financial accounts, providing one-click (swipe, tap) transparency into your spending habits. And if you're someone who is prone to tardiness when it comes to bill paying, choose an app that provides automatic reminders, which will help you avoid late fees.

Focus on your bottom-line

Review your spending habits often, assessing any areas where you are spending more than budgeted. Revise your budget if these are truly under-represented categories; otherwise, try to trim these expenditures, if possible. Additionally, consider whether there are areas where you are spending less than budgeted. If so, congratulations! But don't stop there! Consider allocating the savings to an emergency fund or retirement account.

Goals-driven success

Creating a budget helps you take better control of your spending and gain insight into your monthly, seasonal, and annual cash flow. It's a critical step to taking control of your financial life and achieving your financial goals.

¹<https://www.nerdwallet.com/blog/credit-cards/credit-debit-survey-2017/>

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