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Five Financial Resolutions for a Prosperous New Year

You have goals for the New Year, things you want to accomplish for yourself or your loved ones, or a cause you want to support. And because some of your goals likely involve money, personal finance experts suggest making a New Year's financial resolution to help attain them.

"Absolutely, making financial resolutions for the New Year is a smart thing to do," said Joseph R. Birkofer, CFP®, principal at Legacy Asset Management Houston, Texas. "It puts a person on the road to meeting their goals and controlling their own financial future."

The key to keeping a New Year's financial resolution, he said, is to "put a due date on it" — set a goal that's reasonable and not too daunting to attain, peg a date by which you aim to attain it, then put it down in writing, whether in your smart phone's calendar, or in a pocket or wall calendar to which you refer often. Once the calendar turns to January 1, what you want is a financial resolution that is both impactful and easy to keep. Here are a few to consider:

1. Create an emergency fund to cover unexpected expenses. While one rule of thumb said the fund should include enough to cover six to 12 months of household expenses, Birkofer suggests as a starting point to set aside enough to cover insurance deductibles — health, auto, homeowner's/renter's, etc.

Set the money aside in an account you won't be tempted to raid, such as a CD (certificate of deposit, available from virtually any financial institution), which typically offers an interest rate slightly higher than that of a savings account, with negligible penalties for withdrawing funds early.

Tip for success: Build an emergency fund incrementally. By the end of the first quarter of the year, save enough to cover your health insurance or homeowner's/renter's insurance deductible, for example, then in each quarter thereafter set aside enough to cover other deductibles.

2. Save (more) toward retirement. If you don't have an IRA (individual retirement account) or some kind of work-based retirement plan, such as a 401(k) or pension, establish one yourself or get involved in whatever plan your employer offers, Birkofer suggests. Even setting aside (or increasing your plan contribution) a little bit can make a major difference down the road. To find a plan that's right for you, ask your employer or a financial adviser for guidance.

Tip for success: Through your bank and/or employer, set up automatic contributions to your retirement plan.

3. If you have a child, start saving for college. Tax-favored college savings plans (such as a state-sponsored "529" plan) typically are simple to set up and maintain, with contribution requirements as low as \$25 a month, notes Birkofer. Whether it's for an infant or a teenager, it's worth setting up a plan.

Tip for success: Make it your goal to set up a college savings plan by the child's next birthday, and set up automatic contributions.

4. Review last year's tax returns and, if you received a refund, work with your employer to **adjust your tax withholding rate** so extra money stays in your paycheck rather than going to the government in what amounts to an interest-free loan from you. The average federal tax refund in 2013 was \$3,000, said Birkofer. "Who wouldn't want an extra \$250 a month" to save, spend or to pay down debt?

Tip for success: Put that extra money to constructive use (to pay down a credit card balance or put toward retirement, for example), but use some of it to **reward yourself**, too, with a meal at your favorite restaurant, a golf outing, a spa treatment, etc.

5. Review your insurance policies — homeowner's, health, auto, etc., and assess whether that coverage is appropriate to your situation. Are you missing out on discounts? Do you have more, or less, coverage than you need?

Tip for success: Consult a financial planner or insurance agent for help reviewing your insurance. Just one hour of their time can result in hundreds, even thousands, of dollars in savings.

Other financial resolutions worth considering:

- **Review utility bills** — phone, Internet, cable TV, etc. — to look for savings opportunities via bundling, switching plans, etc.
- **Review how your retirement plan assets are allocated** and rebalancing (reallocating) them as necessary, preferably with the help of a financial planner.
- **Review your credit history/credit score** via the major credit agencies, looking for discrepancies, red flags indicating potential identity theft issues, unused accounts to close, etc.



Workplace Goals for the New Year



The new year brings hopes and dreams for the future. You've made your resolutions -- to lose weight, exercise, plan a dream vacation, for example.

Don't forget, however, that you also spend one-third of your day at work. You can improve your on-the-job enjoyment and your productivity by making the following work resolutions.

Learn new skills

To keep your career moving forward and prevent burnout, learn some new skills. Investigate which ones you'll need for a promotion or for your dream job, then make sure you acquire them. Make a resolution to always be learning something new.

Keep organized

Most people don't function well in the midst of chaos. The clutter on your desk likely distracts you and muddles your thinking. If your office is disorganized, the time you spend getting organized will be paid back in less stress and increased productivity.

Make a resolution to spend the last 15 minutes of every day clearing your desk and getting organized for the next day.

Take daily breaks

Human beings aren't built to sit at a desk for hours at a stretch -- that's why the coffee break was invented. But, there are better ways to use your breaks -- quick, simple techniques that rejuvenate the body, mind and spirit so you can return to work refreshed and ready to accomplish great things.

The following energizing breaks take less than two minutes: Count down from 10 to one, taking a deep breath with each number. Read affirmations, inspiring quotes or poetry. Read a couple of pages of a book. Put your hands over your eyes and visualize a favorite vacation spot. Gaze out a window. Listen to your favorite music. Stand up and stretch your muscles. Doodle. Drink a full glass of water. Eat a healthy snack. Take a short walk.

Structure your time

Are you wasting time taking care of things that just aren't important? If so, you'll be frustrated when you fritter away your workdays doing things your boss would consider insignificant.

The solution is to block off one or two hours of quiet time each day that you spend focusing on your important tasks. Since most people concentrate best in the morning, choose your quiet time early in the day. Then transfer your calls to your voice mail and put a "Do Not Disturb" sign on your door.

Make a resolution to set aside quiet time every day to work on your important projects.

Keep an accomplishment journal

Buy a separate notebook for an Accomplishment Journal. At the end of the day, write the date on a new page and write something that you accomplished. It doesn't have to be something major. Even little steps of progress need to be acknowledged.

For example: "I dealt with Mr. Jones, a difficult customer, in a very kind and professional way." "I wrote two pages of a special report."

Writing such a journal increases your enthusiasm as you look for things to accomplish and write in your journal. Your focus will be on what you did instead of what you didn't do. Keeping the journal will also give you more confidence during employee reviews or when asking for a promotion.

One last thought: When you follow through on your work resolutions and make them daily habits, you'll experience increased productivity, more energy and enthusiasm and the joy of accomplishment.

Exercise Goals for Healthy Living



You know it's important to stay active but still find yourself falling back on old habits. What can you do? Planning for exercise isn't hard if you make it a priority. To do that, you need to develop goals and an exercise plan that matches your needs and interests.

Knowing that you should exercise 30 minutes three to four times a week is not enough; you actually have to DO the exercise. Learn to keep up your motivation by setting exercise goals that fit your lifestyle.

Step up to exercise

These steps can help you define your personal goals and put them into action.

Step One: Figure out why you want to exercise. It sounds basic, but not all of us exercise for the same reasons. Knowing what motivates you can help you stay focused. Write down a list of what you hope to get from exercising. You may be unhappy that your clothes fit tighter than last fall. You may want to reduce your risk of heart disease. You might hope to play with your kids without getting winded. Or, you may want to work out your stress, feel more relaxed and sleep better.

Step Two: Design an exercise program that will meet your goals. If your goal is endurance, gradually build up the amount of time you work out. If you want to lose weight, you need to do an aerobic exercise, such as walking or running, for at least 45 minutes at a time. If you are concerned about osteoporosis, weight-bearing exercise, such as walking, will help build strong bones. If you're not sure what exercise is best for your needs, talk with a trainer at a local gym. The ideal is an exercise program that incorporates aerobic exercise on some days, exercises to improve strength on other days, and balance and flexibility exercises on most days. The key is to find an exercise routine that you enjoy, then commit to doing it.

Step Three: Choose your workout time wisely. One key to success is what time of day you plan to exercise. If you schedule your workout for the morning, but you are not a morning person, you may be setting yourself up for failure. Pick the time of day when you have the most energy and enthusiasm. Do you enjoy getting up early and starting the day off with a brisk walk? Or do you prefer working out your stress at the end of the day? Whatever your answer, that's when you should schedule most of your exercise.

Staying motivated

One of the differences between a person who exercises regularly and a person who doesn't is motivation. Each of us is motivated by different things. Find out what motivates you, and it will be easier to stick with good habits. These tips can help you put on your sneakers instead of turning on the television.

- Make exercise a priority. Yes, getting exercise is as important as cleaning the house, paying your bills, or reading to your child. Simply put, exercise can help you have a healthier, longer life. So when you plan your week, schedule time for exercise, and treat it like an appointment that you can't break.
- X marks the spot. Studies show that some people are more likely to exercise when they keep track of their workouts. Try marking an X on your calendar every day that you work out. This may give you a sense of accomplishment, which will help you keep going. Or, try putting an X on the days you skipped. Seeing too many X's may make you mad enough to pick up where you left off.
- Keep an exercise diary. Another way to keep track of your workouts is with an exercise diary. Jot down how long and how far you bike, how much weight you lift, or how many laps you swim. Or, if you own a computer, you may want to keep track on a spreadsheet. No matter what method you choose, having a record of what you've done, and of all of your personal bests, may be just the reward you need to keep going.
- Join an event. Sign up for a fitness event such as a 5K run, a charity bike ride or walkathon. Getting in shape to compete in a race can be a good motivator. A charity event can be motivating because when you cross the finish line, other people will benefit, too.
- Exercise with a partner. Finding a friend to share your workouts gives you a chance to be social while you get fit. And knowing that your friend is relying on you will help keep you motivated.
- Join an exercise class or group. Aerobic, yoga, or other classes commit you to an exercise program and offer the opportunity to make new friends with the same fitness goals.

Dealing with setbacks

Old habits can be hard to change, and setbacks do happen. It doesn't mean that you're a failure. It just means that you're human. Try to look at a setback as part of the process of making change. When you find you've skipped a few workouts, make a plan to simply start again the next day.

Don't focus on what you've missed; focus on what you plan to do. Make it your top priority. New habits won't form overnight. So keep at it. Your good health is worth the effort.