Starting Your New Year Off on the Right Foot

Today, unlike previous generations, there is an extensive array of financial information that steadily flows from the news media and the Internet. Almost instantaneously, you can review your own finances, ascertain your progress, and make necessary adjustments. However, do all these signs of progress really make managing your finances any easier? The fact remains that regular reviews of your entire financial affairs will help put you on a long-term track for success.

Now that it's a new year, why not add "regular financial reviews" to your existing list of New Year's resolutions? Here's a brief description of what a typical review might entail:

Cash flow analysis. Does your income equal or exceed the amount you put into savings and expenses? If it exceeds, by how much? The amount of your income that exceeds what you saved or spent is called **positive cash flow**. If your expenses exceed your income, you have **negative cash flow**. If your cash flow is negative, it may be time to reorganize and minimize any unnecessary expenses in your budget.

Special goals. For every financial goal you establish, you need to address the projected cost, the amount of time until your goal is to be realized (time horizon), and your funding method (implementing a scheduled savings plan, liquidating assets, or taking a loan).

Plan your goals on three tiers. On the first tier, you have an emergency fund of at least three months' income. On the second tier, you may establish a savings plan for your children's education or future expenses. Finally, on the third tier are more flexible goals such as: automobiles, home renovations, and vacations.

Enrich your retirement. Are you going to have enough money when you retire? Pensions and Social Security may provide insufficient income to maintain your existing lifestyle during your retirement years. Consequently, project your future needs and plan a disciplined savings program for your retirement.

Minimize income taxes. Many taxpayers reduce their taxes by taking advantage of tax deductions. While many people are familiar with deductions (e.g., mortgage interest, contributions to retirement plans, and donations to charities), there may also be other ways to reduce your income tax bite. For example, under appropriate circumstances, losses or expenses from previous years may be carried over to the next tax year. A qualified tax professional can help you implement a tax strategy that is consistent with your needs.

Beat inflation. Suppose the inflation rate is currently 3%. In order to maintain your buying power — just to break even — you need a 3% annual wage increase. A decline in your buying power will certainly lower your standard of living and affect your lifestyle. In the end, you'll have less monthy if inflation starts to beat you. So, as you can see, you need to put your money to work to beat inflation. A disciplined approach to saving can help you meet your long-term goals.

Manage unexpected risks. You are probably well aware that life sometimes throws us unexpected "curve balls" — that is, risks we haven't foreseen. Suddenly and unexpectedly, your potential risk may become a financial *loss* (e.g., you become disabled without income or ultimately death causes financial hardship for your family). **Disability income insurance** and **life insurance** offer protection that can help cover potential liabilities and risks.

Meet with your financial professional. In today's complex financial world, everyone needs help in making knowledgeable, objective decisions. A qualified financial professional can help ensure that your current financial affairs are consistent with your changing goals and objectives.

These seven steps will help you focus on your entire financial picture. During subsequent reviews, you may need to make alterations due to changing goals and circumstances. However, if you faithfully keep track of your progress, you may be better able to afford your future lifestyle and finance your dreams.

EVERGREEN
WEALTH SOLUTIONS

www.evergreenwealthsolutions.com

info@egwealth.com

1000 Commerce Park Drive, Suite 407
Williamsport, PA 17701

Phone: 570.601.6960 | Fax: 570.651.9032

The accompanying pages have been developed by an independent third party. These materials are general in nature and do not address your specific situation. For your specific investment needs, please discuss your individual circumstances with your representative