

Get 2020 Started on the Right Foot - Transcript

Tim Mullooly: In episode 173 we're going to talk about some things that you can do to get 2020 started off on the right foot financially.

Welcome to the Mullooly Asset Show. I'm your host, Tim Mullooly. This is episode number 173. Thanks for tuning in. I'm recording this on December 31st New Year's Eve. 2020 starts tomorrow morning. So just wanted to go over a couple of things that you guys can do, kind of a checklist of things that you can check off to make sure that 2020 starts on the right foot for you financially.

Our friend at Morningstar, Christine Benz also wrote a post that was kind of the inspiration for this video. So I'll be sure to link in the show notes so you can check out her post as well.

The first thing that we want you to do is actually go back and check to see how much money you spent over the last 12 months. If you have a financial plan, part of that is cash flow analysis, cash flow planning, a budget to kind of guide you through the months and years. Seeing how much money you should spend, but now it's time to go back and see how much money you actually spent in 2019. Did you stick to that budget? Did it work for you? These financial plans that you have are not meant to be set in stone. They're supposed to be fluid. You're supposed to go back and change them as things change in your life. So that's probably the first thing is check how much money you actually spent in 2019.

The next thing that I would say is check to see how much money you saved. Are your saving habits that you set up in this financial plan, are they working for you? Could you be saving more money? Are you saving too much money and you find that you don't have enough cash flow on a month to month basis? Are your savings habits working? Some people like to save money in the beginning of the month. Do you think you should switch and save money at the end of the month? Whatever works for you. Just check to see that you're actually saving money and that whatever habits that you're doing work for you.

After you've done those two things, adjust your financial plan for 2020. One thing that I will say is you need to plan it out. Having these plans really helps reinforce what you want to have done over the years and that'll help you get to your goals down the road and be sure to write it down. Please write it down. Otherwise, it's easy to not hold yourself accountable for these types of things, but if you have it written down, saved somewhere, even if it's on your computer or handwritten, however you like to do it, just be sure to write these down. I find that for me, it helps keep myself accountable when I actually write these things down.

One little thing that you can check for 2020 moving forward is after you get your W2 and after you get your taxes done early in the year, check to see if you need to adjust your tax withholdings. Are you over withheld? Are you under withheld? Some people like to get a lot of money back in the refund after they submit their tax returns. I don't know. It's personal preference, but if you can adjust that tax withholding after you do your taxes and maybe get more money back or keep more money in your paycheck every pay period, it could help you

with that cash flow that we talked about in step one. So be sure to check your tax withholdings. The beginning of the year is a good time to do that.

Also, check your retirement contributions. Did you max out last year? Did you want to max out last year? And if you didn't, do you want to this year and can you afford to? All these things kind of work hand in hand. If you have the cash flow down, you're going to know how much money you're going to be able to save and how much you're going to be able to put into your retirement accounts. And if there are any changes to the limits of how much you can contribute, you should really stay on top of that as well.

The one thing that I haven't mentioned so far because I think it's not not important, but it's down there on the list of importance are your investments. Your money for your investments should be for the long term. So just because the calendar flips from December to January doesn't mean that you need to go in and reallocate your portfolio to what you think is going to do well in 2020. A calendar change is not a good enough reason to go in there, completely rewrite the script with your portfolio and with your investments. So I think you can check in and see how your investments did, and as long as your long-term goals haven't changed, then I don't really think that there's much to do in terms of your investments. But you can check in on that. But just know that the calendar flipping isn't really a good enough reason to move in and out of your investments.

So those are a couple of things that you can easily quickly check off your list in the first couple of days of 2020 in the new year to help you get started with the new year, new decade on the right foot financially.

So thanks for tuning into this episode of the Mullooly Asset Show, and we'll see you next year.