

Steps You Can Take to Refresh Your Financial Strategy



As the year winds down and a new one approaches, many people take the time to think about New Year's resolutions or ways they could change their habits to meet a personal goal. Often, people select goals that could have a lasting impact on their finances, from improving their credit score to creating and following a [monthly budget](#) or spending plan. Frequently, these financial goals fit under the umbrella of one's financial strategy.

Your financial strategy is an all-encompassing picture of your finances, your goals, and what you are doing to get from point A to point B to meet those goals. It is a picture of your overall financial health, not just your monthly spending plan. While your financial strategy does include your income and payments each month, it also includes a snapshot of your investments, insurance policies, annuities, retirement accounts, and any other sources of income, equity, or debt that may exist.

Having a financial strategy in place helps you meet your needs and pay for the unexpected, while still having money left over to put toward your short and long-term goals. It includes your spending plan, but also your long(er)-term plans, such as maxing out IRA contributions each year, paying down student loan debt, making sure that you contribute enough to your 401(k) or TSP to earn matching contributions, investing in a home so that you can build equity and upgrade in the future, or putting money into a 529 Plan to help your children pay for college.

If you are looking to refresh your financial strategy in the new year, consider the following.

Set new goals. Think hard about what you want your future to look like and how you can arrange your finances to make that dream come true. Your goals should be SMART, this means that they are specific, measurable, attainable, realistic, and timely. It's one thing to say that you want to pay off your car; it's another to state that you want to put \$400 toward your car each month for the next 12 months so that you can fully pay it off, and that the \$400 will come from a combination of canceling streaming services and eating out less frequently.



Do a recurring payments audit. There are any number of subscription services that you can subscribe to these days. It's not just streaming services, but meal kits, gym memberships, clothing deliveries, and more. Evaluate your recurring payments and determine whether your subscriptions enhance your day-to-day life. Is each one something that you *need*? The savings you might receive from cutting the cable or cooking at home could give you the extra income needed to meet some or all of your goals.

Double check your spending plan. If you do not maintain a monthly spending plan, it's easy to lose track of where all your income goes each month. Take some time to audit your bank account and credit card statements. Add up all of the money you have coming in and then look at where you make payments each month. Some of your expenses will be for things you need: housing, food, transportation. Others will be for things that you want: vacations, clothing, dining out. Once you have an idea of how much your fixed and mandatory expenses are each month, you can determine what expenses aren't necessary and how much money you can reallocate toward your goals.

Pay it forward. As much as you need money now, you will need it even more during retirement. Whether or not you will be receiving a pension, it's important to supplement your retirement income with regular contributions to an IRA, TSP, and/or 401(k) while you are still working. In 2022, you can contribute up to \$6,000 to an IRA (or a Roth IRA if your income is within certain limits) and up to \$20,500 to a TSP or 401(k); the latter often allow for matching contributions from your employer. Matching contributions are free money that can grow for the duration of your working years to provide a boost to your income in retirement.

Use insurance to protect your family. Insurance protects your family's financial stability, so that sickness, car accidents, and home disasters don't derail your savings and take money away from your goals. [Life insurance](#), specifically, protects your family from having to feel the financial burden of a loved one's death. It is a promise that you make now to protect your loved ones in the future. While insurance products do cost money, they have the potential to provide even more should your family need to file a claim. If you were to pass away today, would your family still have enough funds to meet their goals?

Your financial strategy encompasses your income, your expenses, and your future, so it's important to develop a strategy now. To learn more about life insurance, how to fit insurance into your family's budget, and how insurance can protect your family's future, you can [get a quote](#), call **800-628-6011** or [schedule an appointment](#) with a representative.