FINANCIAL PLANNER 2023

Stretching your money

Financial trends come and go, and it appears as though one approach to finance that industry professionals have long touted is having a moment. According to Debt.com, 86 percent of the more than 1,000 respondents who participated in the site's annual budgeting survey admitted they budget their spending. That marks a roughly 16 percent increase since 2019.

If budgeting is getting a star turn in individual financial planning, it's well deserved. Budgeting can help people save money and achieve an assortment of financial goals, including paying down debt, financing tuition and planning a dream vacation.

Each person's budget will be different, but that doesn't mean people need to take wholly unique approaches to building a budget. In fact, a conventional approach to budget-building can help people from all walks of life.

· Determine your net income. The Bank of America notes that net income, also known as "take-home pay," is the foundation of a budget. In the era of direct deposit, it can be easy for anyone to forget how much money they're taking in each month. Salaried workers can determine their net income pretty quickly and easily, while workers who are paid by the hour and freelancers may need to do a little extra work and serve as their own bookkeepers as they try to calculate their net incomes.

· Monitor your spending. Spending habits fluctuate, but some patterns will likely develop over time, and identifying these patterns is vital to building a budget. Individuals needn't wait to track their spending. Log into your bank account and see how you spent money each month over the last six months to a year. This can give you an accurate idea of where your money went after it came in. Monthly utility bills may be constants, but those bills tend to fluctuate depending on the season, so a closer examination can yield what the average cost is. Budgets may need to be tweaked during months when utility bills peak.

· Don't discount the importance of things you want. It's important when building a budget that money is left for more than just bills. Things you want to do like dine out, travel or additional expenses like entertainment should be built into your budget so you can still enjoy yourself and your budget is not blown up when opportunities to have fun inevitably arise.

· Track and tweak. Progress can be tracked and the budget can be tweaked if you're still having trouble saving or your efforts to save are causing issues. Tracking progress allows you to see what is and isn't working, while tweaking affords room to compromise if the budget is proving too restrictive or not allowing you to meet your goals.

A conventional approach to budgeting can help people achieve their financial goals and feel better about their futures.

Money management strategies for retirement

What constitutes a perfect retirement is different for everyone. Some people imagine spending their golden years fishing, while others aspire to finally embrace their inner globetrotter. Though individuals' retirement dreams differ, every retiree will need money, which only underscores the importance of a wise and disciplined approach to money management.

Average life expectancies have risen considerably over the last several decades. According to estimates from the United Nations Population Division, the average life expectancy is around 79 in the United States. Those figures are a welcome sign, but they may inspire a little fear among seniors who are concerned that they might outlive their money. No one knows how long they will live, but everyone can embrace a handful of money management strategies to increase the chances that they won't feel a financial pinch in retirement.

• **Study the tax implications of withdrawing from your retirement accounts.** Every retirement investment vehicle, whether it's an IRA or a 401(k), has tax implications. Money withdrawn too early may incur tax penalties, and even money withdrawn long past retirement age could elevate retirees into a new tax bracket that could prove costly. A financial advisor can help retirees determine the tax implications of withdrawing money from their retirement accounts and may even develop a detailed guideline of when withdrawals should be made and how much should be withdrawn in a given year in order to minimize tax liabilities.

• **Prioritize your own needs.** Though retirees, particularly those with children and grandchildren, may feel an obligation to help their families in difficult financial times, generosity can be costly for adults who have stopped working. Retirees may not have opportunities to generate new income, and even those who do likely won't make enough to meet their daily financial needs. Given that reality, retirees must prioritize their own financial needs, including their immediate needs and those they will have for the rest of their lives. Though it might be difficult to turn down loved ones' requests for financial help, retirees must make sure they can pay their bills and maintain a quality of life that won't jeopardize their long-term health.

• **Examine your housing situation.** Equity in a home is a feather in the cap of many retirees. Retirees who own their homes and live in locations with high property taxes might be able to cash in on their equity by selling and downsizing to a smaller home with lower property taxes. If moving is not a consideration, discuss a reverse mortgage with a financial advisor. A trusted financial advisor can highlight the advantages and disadvantages of reverse mortgages, which are a great option for some people to improve their financial well-being in retirement.

• **Stick to a budget during retirement.** The Spending money during retirement is a challenge because most retirees have little income outside of their savings. Therefore, monitoring how much you have left in savings, avoiding the urge to overspend and spacing out your spending can take considerable pressure off the financial aspect of your retirement years. According to SmartAsset Advisors, although the word "budget" may have a negative connotation, a budget isn't about depriving yourself. In reality, it's about making sure that you have the necessary funds for the things you actually want to spend money on.

It's never too early to start taking control of your plan to manage your retirement dollars, with the help bof a trusted financial adviser.

Health care costs

The burden on health care costs in retirement could be a significant hurdle for retirees without a sizable nest egg or effective strategy to cover such expenses. According to the Fidelity Retiree Health Care Cost Estimate, an average retired couple aged 65 in 2022 could need around $315,000 after taxes to cover their health care expenses in retirement. Thought traditional retirement goals like financing travel or relocating to a warmer climate are worthy pursuits, it's vital that individuals of all ages, including those on the cusp of retirement, recognize the importance of saving for health care expenses as well. Such expenses, which include medication costs, are easy to take for granted when individuals are still working. However, Fidelity notes that generics, branded drugs and specialty drugs account for roughly 17 percent of retirement health care expenses. That equates to around $53,500 that might be needed to pay for medication alone.

Real estate investing can offer significant returns

Real estate remains an especially lucrative investment vehicle. According to the S&P 500 Index, the median return on investment in the United States property market is 8.6 percent. That's an important consideration for investors who are considering adding income properties to their portfolios. Though the costs associated with income properties can be substantial, the potential rate of return on those properties is significant. Individuals considering an income property investment are urged to speak with a financial advisor, who can shed light on various factors that must be examined prior to purchasing a property. For example, individuals counting on rental property income should familiarize themselves with how that income is taxed before investing.

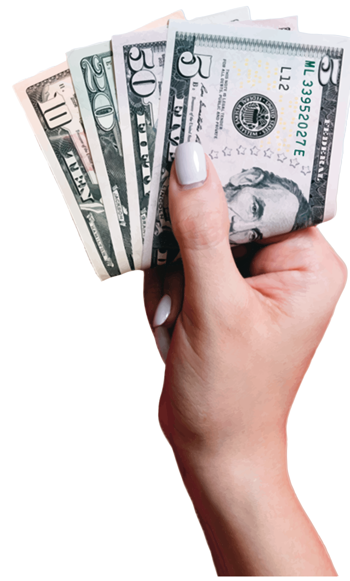
Simple changes help with energy costs

According to the U.S. Bureau of Labor Statistics, energy prices rose by 41.6 percent in the 12-month period that ended in June 2022, marking the highest 12-month increase since April 1980.

The significant spike in energy costs is somewhat misleading, as the BLS considers motor fuel prices, which rose more than 60 percent in the 12-month period ending in June 2022, part of the energy category. However, during that same period, electricity prices rose by nearly 14 percent while natural gas prices increased by 38 percent. Both of those increases were more significant than the more publicized rise in food prices, which rose by right around 10 percent.

While that leaves little room to save money, there are ways to reduce home energy costs without adversely affecting their quality of life.

According to the United States Department of Energy and the U.S. Environmental Protection Agency, the best time to use appliances in the home is when overall electricity use is low. Though this time changes depending on the season and can vary based on geography, the DOE and the EPA both note that after 9 p.m. and before 9 a.m. are off-peak hours in most areas.



The energy providers at ConEd estimate that about 40 percent of unwanted heat comes through windows. Strategic use of curtains, shades and blinds can keep heat out on hot days, allowing homeowners to turn the thermostat up on their air conditioning units in summer. Opening curtains, blinds and shades on winter days allows more sunlight in, allowing homeowners to control heating costs more effectively.

There are plenty of contradictory strategies regarding how best to store foods in a refrigerator so the unit consumes as little energy as possible while still keeping foods fresh and chilled. But various energy providers recommend that consumers avoid packing a fridge too tightly. By allowing cold air to circulate within the refrigerator, the refrigerator won't need to work as hard, and thus consume as much energy, to keep foods cool. It's important to note that the opposite should govern how the freezer is packed. Packing frozen items tightly in the freezer will help the refrigerator work a little less hard.

Last but not least electricity for lighting accounts for around 10 percent of electricity consumption in homes. A concerted effort to turn off lights in rooms that aren't being used can help consumers save money.