Five Strategies for a More Financially Sound New Year

New Year's resolutions customarily involve ambitious promises to change, but they seldom work out in the end. But from a financial perspective, there are some simple steps you can take that can have a permanent impact. Here are five actions you can take right now:

1 **Review your general financial goals and objectives.** Most people would agree that economic and political changes, and market volatility, can adversely impact their investment portfolio. Most people need to take a new look at their goals and objectives each year. How have they changed? You could be in worse shape now than you were a year ago. So, it may be time to make an adjustment.

2 **Review all of your beneficiary designations.** When it comes to estate planning, signing a new will only gets you halfway there. For example, an up-to-date will won't do much good if the bulk of your assets are in an IRA and your ex-spouse is still listed as the beneficiary. Almost any asset can have a beneficiary, but life insurance, IRAs and retirement plans normally require them. Even investment and bank accounts may have "pay-on-death" designations. So, it makes sense to look these over every once in a while to make sure nothing has changed. The same applies to contingent beneficiaries. That is, the next person in line if your primary beneficiary dies before you do.

3 **Review all of your insurance coverages.** Let's just say that a million dollars isn't what it used to be. With inflation, what was a sufficient amount of coverage a few years ago may no longer be adequate. You might very well need more life insurance coverage to help take care of your loved ones. And it's not just life insurance. It seems that the cost of everything has gone up. So, you need to take a second look at your disability income insurance, long-term care insurance, homeowners, auto and umbrella insurance policies as well.

4 Determine a budget and stick to it. Perhaps it's better to refer to it not as a budget but as a "spending plan." While they are essentially the same thing, calling it a spending plan eliminates the negative connotation.

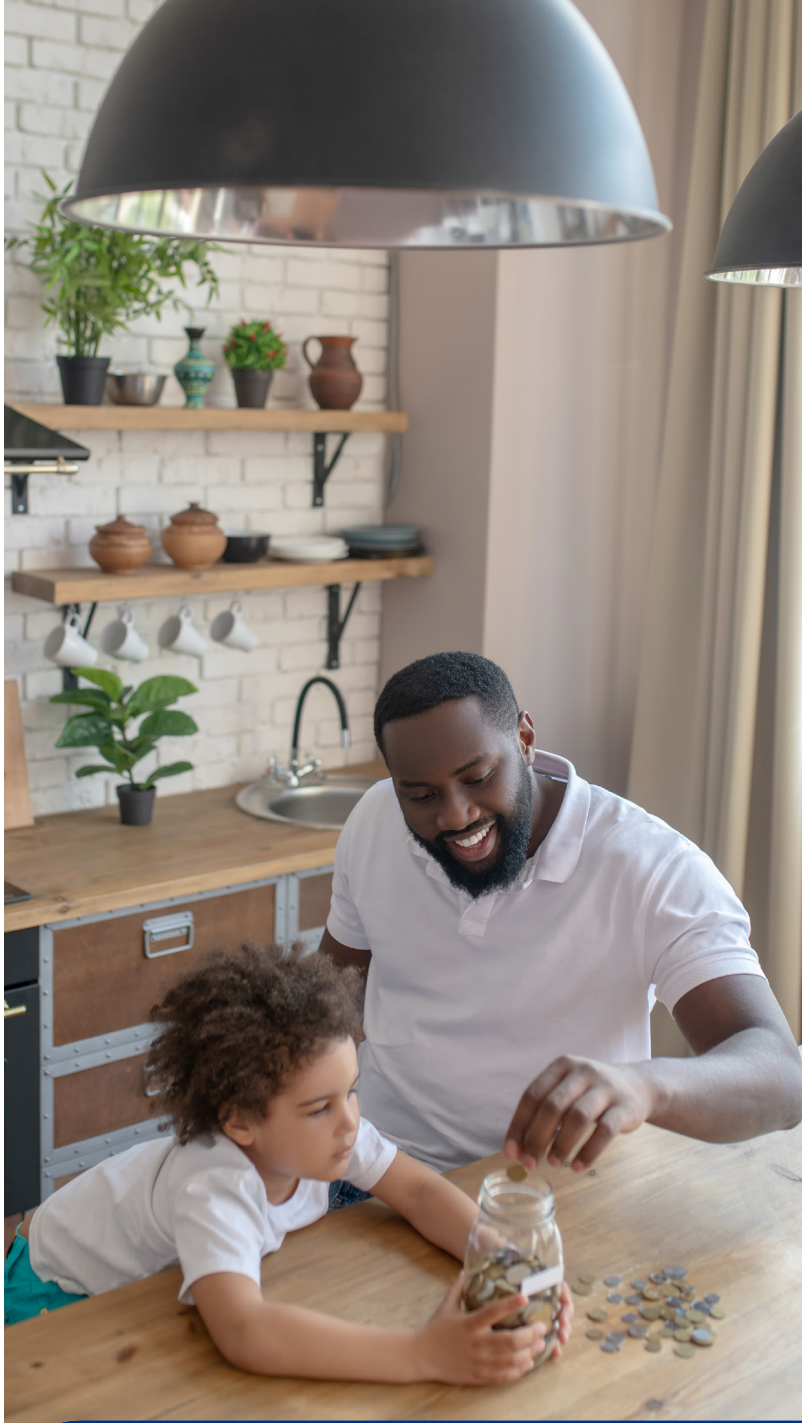
The first, and often overlooked step, is simply to determine where you are today. You start by putting together a cash flow statement and a balance sheet. Only then can you develop a realistic spending plan. And the first item to consider is to save more and "pay yourself first." That is, have money automatically deducted at a regular interval from your paycheck or checking account and place it into some sort of savings plan.

5 Save more for retirement. There are a number of reasons why our national savings rate has declined significantly over the last few decades. According to the federal government's Bureau of Economic Analysis, the U.S. personal savings rate in November of 2022 was 2.2 percent. Contrast this with the year 1972, when the Bureau estimates that the rate was approximately 12 percent.

Are Americans saving enough for retirement? The Social Security Administration says that the average Social Security benefit in January 2025 is $1,976 per month. Most people would likely need more than that—perhaps a lot more—for a comfortable retirement.

So, for most people, you need to start saving more, and the sooner the better. As Albert Einstein has been quoted as saying, compound interest is "the most powerful force in the universe."

Rather than focusing on New Year's resolutions, a better approach may be to make some simple—and small—changes in your financial habits. In the long run, the results can be dramatic.



For More Information:

The applicability of any strategy discussed is dependent upon the particular facts and circumstances. Results may vary, and products and services discussed may not be appropriate for all situations; each person's needs, objectives and financial circumstances are different and must be reviewed and analyzed independently.

We encourage individuals to seek personalized advice from a qualified Security Mutual life insurance advisor regarding their personal needs, objectives and financial circumstances.

SECURITY MUTUAL LIFE
INSURANCE COMPANY OF NEW YORK
SECURITY MUTUAL BUILDING • 100 COURT ST.
P.O. BOX 1625 • BINGHAMTON, NY 13902-1625
607-723-3551 • www.smlny.com

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