



# ACHIEVEMENTS

A Newsletter for Members of the Louisiana Association  
for Personal Financial Achievement



## FINANCIAL TIPS FOR THE NEW YEAR

*It's the right time to get organized so you can achieve your financial goals in 2020.*

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If you're like many people, the details of your finances weren't high priority over the holidays. But according to the National Retail Federation, the average family spends over \$1,000 on Christmas each year. So, it's no wonder that so many people make a conscious decision to ignore their budget and avoid looking at their credit card balances until after the New Year.

Still, as much as that might make you feel better in the moment, it can lead to a serious holiday debt hangover. You could find yourself reeling from how much you spent and just how much debt you have to pay off. Luckily, KOFE is here to help with some practical end of year financial tips you can use now to avoid a financial headache in the New Year.

### Tip No. 1: Look back at your 2019 finances

The first step in making an effective plan for 2020 is evaluating how you did in 2019.

- Did you make any financial resolutions, such as paying off debt or improving your credit? If so, did you reach them?
- Did you achieve any financial goals that you set for yourself?
- Do you have more or less debt than when you started the year?
- Do you have more or less savings than when you started? Has your credit score increased or decreased?

Answering these questions helps you assess your progress over the past year, so you can make adjustments to your strategy for 2020.

### Tip No 2: Review your accounts

This includes your checking and savings accounts, credit card accounts and any investment accounts, such as your 401(k).

- How many fees did you pay on your accounts?
- Did you ever overdraft on your checking account? If so, how many times?
- How much money did you earn on your savings account and investments?

Looking at fees and earnings can give you a good idea as to whether you need to shop around for new accounts next year. If you paid a high volume fee on your checking account, you might want an account with low or no fees. If you overdraft often, then you might be better with an account that offers overdraft protection.

On the flipside, if you didn't enjoy healthy earnings this year on your savings, it might be time to consider investments. You may need to set a goal for this year of looking into cash equivalents that offer better rates than your basic savings accounts. (Cash equivalents are investments that offer higher rates of return than basic savings, such as certificates.)

You may also want to look at your insurance policies to review if they've provided the coverage you need. You can also assess if you've overpaid and purchased more coverage than you need.

### Tip No 3: Keep your tax returns in mind

To qualify for certain deductions and tax credits, you have a limited window of time left. In most cases, as long as you took action before December 31, 2019, then you can make the claim on your 2020 tax returns.

This includes:

- Charitable donations
- IRA retirement account contributions
- 401(k) contributions

### Tip No. 4: Don't forget your flexible spending accounts

Many employers offer flex spending accounts that can cover things like childcare, medical costs and transportation. These accounts avoid income and Social Security taxes. However, most of these accounts follow the "use it or lose it rule." Basically, unless you spend the money you put in at the beginning of the year, you'll lose it. So, if you put any funds into a flex spending account, check the balance. If you still have funds left, find ways to spend them before they're gone.

## ACHIEVE

Positively impacting the lives of individuals through financial education and by working with other non-profit organizations with similar goals to promote personal financial achievement

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# SMART SPENDING TIPS

**10%**

**The amount you should save each month**

Make cash contributions to savings and IRAs automatic with direct debit.

**10%**

**The amount you should spend on credit card debt**

If it takes more than that to pay your bills, it's time to consolidate!

**36%**

**The monthly income you should spend on debt payments**

If you spend more, eliminate debt before you seek new financing.



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