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5 Ways to Kick-Start Your Financial New Year's Resolutions

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Abandoned new year resolutions might be the cliché, but that doesn't mean they're useless. **A study by Fidelity found that simply making financial New Year's resolutions reduces stress!** And 58% of those who made a financial resolution in 2017 felt more financially secure at the end of the year, as opposed to just 44% of those who didn't.

Getting serious about your finances is a great way to begin the new year. But like many people, putting together a financial plan and taking those initial steps can feel overwhelming. To help get you started, we've put together a short list of ways for you to keep your resolution to become fiscally fit in 2018.

1. Know your numbers.

You can't make a budget and create a solid financial plan without knowing your total household income, outstanding debts, and monthly living expenses. Begin by adding up your fixed monthly expenses (e.g., rent or mortgage, utilities, car payment), and then add in other essential expenditures such as gas and groceries. Subtract this total from your net monthly income and you'll know what you have to work with for things such as entertainment, paying down debt, saving for retirement, etc.



Key Takeaway: Not wanting to face your current financial situation is understandable, especially if you are struggling. But the sooner you know your numbers, the sooner you can begin to improve your financial situation.

2. Prioritize your financial “wish list.”

When you think about your financial situation, what are your priorities? For example, do you want to start paying down high-interest credit card debt? What about saving for a down payment on a home or putting more money into your 401k? Discretionary income (money after paying your monthly expenses), should be allocated to meeting specific financial goals.

Key Takeaway: Be specific. Setting a goal of simply “saving money” sets you up for failure because it isn't clear what the success actually is. For example, if you want to save more for retirement, then make a goal to increase your 401k by \$10,000 by the end of the year. Or, if you're wanting to save for a down payment on a new home, set a goal to put aside 10% of your net income each month.

3. Prepare for the unexpected.

Even the best financial plans can go bust if you don't have money set aside for an emergency. Without a plan, where are you going to find the cash to pay for repairs when your car breaks down or for an unexpected major home repair, or worse, if you lose your job?

Key Takeaway: It's typically recommended to have enough money in an emergency fund to pay for essential living expenses for at least six months or more.

4. Evaluate your insurance needs.



A sound financial plan covers insurance needs, which change as your life changes. For example, did you get married or grow your family last year? If so, life insurance can ensure that people who depend on you won't suffer financially if you were to unexpectedly pass away. What if you suffered a serious illness or injury and were unable to work? Without disability insurance, which provides an income stream if you are unable to work, how would you support yourself or your family?

Key Takeaway: Protect yourself, your assets, and the people you love by reviewing **all** your insurance needs – including any benefits you have through your employer. Identify potential coverage gaps to see whether you need to purchase additional coverage independent of what you have at work.

5. Get financially savvy.

Curious about mutual funds or annuities? Wondering how the stock market works? Interested in investing? When it comes to financial planning, knowledge is power. This year, make it your resolution to learn more about financial and insurance products that can help you achieve your short- and long-term goals.

Key Takeaway: There are many resources you can tap into to grow your financial know-how. Here's some of our top picks:

- **Investopedia:** A great online resource for learning the basics about personal finance, saving for retirement, annuities, and yes, investing. On the website, you'll have access to their investing 101 tutorial, as well as frequently asked questions.
- **Morningstar's investing classroom:** This online classroom boasts 172 short courses on investing that allow you to learn at your own pace.
- **Talk to a professional.** If you prefer a more hands-on approach to learning about investing and financial and life insurance products, consider working with a qualified financial adviser or insurance agent. These professionals can provide you with a more personalized service and make recommendations based on your individual needs.

Finally, achieving your financial goals takes dedication, patience, and a plan. Starting the new year off on the right foot can help you keep your financial New Year's resolutions and reach your goals.

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