



5 Financial New Year's Resolutions

2022 is officially here, so it's time to add some financial goals to your list of New Year's resolutions. With some careful planning and help from [your local community credit union](#), you can make sure that these resolutions are kept year-round. Follow our five financial resolutions and consider achieving your personal and professional dreams in the New Year.

Create a Budget

If you've had trouble with overspending, then creating a simple budget or spending plan may be the tool you need to get back on track. Start by determining your monthly income after taxes and then allocate your funds according to your monthly needs. A useful formula is the 50-20-30 budget, where 50% of your money goes to essential spending, 20% is saved, and 30% goes to non-essential wants. Tracking your spending for the first few months can help you get into the habit of sticking to your new budget.

Pay Off Debt

Whether you've got personal or student loans, a home mortgage, or credit card debt, approaching the upcoming year with a debt repayment strategy can help you become debt-free faster. Refinancing for a lower interest rate could save you money in the long-term on your mortgage or student loan payments. If you have any leftover funds from your monthly budget, putting that money toward the principal on your debts can also help reduce your balance. Consider consolidating debt under a [personal loan](#) for an easier-to-manage payment.

Boost Your Savings

Saving money wisely can increase your financial health and provide needed stability. It's never too early to start saving for retirement, whether you choose an [IRA](#), 401k, 403b, or other account. For peace of mind, an emergency fund with three to six months of living expenses is a great first step. To help you reach your saving goals, setting up automatic transfers to a high-yield [savings account](#) and cutting back on unnecessary spending are two strategies to try.

Start Investing

Maybe you've already maxed out your tax-advantaged retirement accounts and have a full emergency fund. In that case, [investing](#) can increase your opportunities to reach your financial goals. There are plenty of options, including a [money market fund](#), stocks, and bonds, but remember to diversify to create an optimized investment portfolio.

Improve Your Credit Score

If you've got some big purchases planned for the next year, such as [a house](#) or [a car](#), raising your credit score can help you get the best interest rate available. A few strategies include paying bills on time and in full, paying off debt, lowering your credit utilization ratio, which means keeping your balance below 30% of your limit, and not opening too many new accounts. Remember to [get your free, annual credit report](#) from each of the three credit bureaus to keep an eye on your progress.

Whatever your financial situation, setting some realistic benchmarks appropriate to your lifestyle and needs can help you achieve better financial health by the end of this new year. Along your journey, [Lampco](#) is here to help with local, friendly service and the tools you need to stick to your New Year's financial commitments.