

CRITICAL TRANSITIONS WEALTH ADVISORS

Happy New Year!

It is an honor to have you as a client and friend. We thank you for a wonderful 2019 and look forward to working with you throughout the new year. Here's to a happy and healthy 2020!



New Year's Resolution - Set a Budget!

If you're among those of us who just can't seem to save, it might be time to create a budget. A budget allows you to understand where the money goes and may help you free up cash for important savings goals, such as college and retirement.

Setting up a budget will require some work, but the benefits more than offset the time invested. How you create your budget is up to you. You may choose a piece of financial planning software such as Quicken, or you may choose the paper and pencil route. The first element of any budget is your income, or how much money you receive each month. This can include paychecks, alimony, royalties, fees, and dividends from investments that you do not reinvest. Once you know what your monthly income is, you can use a budget to make sure you don't spend more than you earn, thus helping to reduce debt and freeing up cash for savings.

Next, look at how you spend your money. Start by tracking your spending for a month. Collect bills and receipts, and don't forget to include newspapers you buy from the corner store and trips to the soda machine. No expense is too small to record. Write down your expenses and break them into categories.

- Fixed Committed Expenses -- mortgage, loan, and insurance payments that stay the same from month to month
- Other Committed Expenses -- things you can't live without, like food, utilities, and clothing
- Discretionary Expenses -- things you like but don't necessarily need.

Less Spending = More Savings - Once you know where your money is going it's time to analyze your expenses. There probably isn't much you can do about Fixed Committed Expenses without moving or getting rid of the family car. However, if these expenses are greater than your monthly income, you are probably carrying too much debt to effectively save. You may find some room to economize in Other Committed Expenses, but look at Discretionary Expenses first. This is typically the easiest place to reduce spending. Begin by canceling magazine subscriptions to titles you don't read. Eat fewer meals out, or choose less expensive restaurants. Rent a movie and pop some popcorn at home instead of taking a trip to the movie theatre.

Now, dig deeper and look at those Other Committed Expenses. Can you reduce the grocery bill with coupons or more economical meals? One area to closely examine is credit card debt. If a high balance is keeping you from saving, you need to find ways to trim those monthly payments. Call your credit card company and ask them for an interest rate reduction, or shop around for a card with a lower rate. You may also consider a home equity loan or a consolidation loan. Make sure that you'll be able to afford the monthly payments before you take the loan. Once you start paying off your credit cards, the extra money can be used to build savings.

The Goal: More Savings - By setting aside a certain amount each month for savings, you can build toward your goal without missing the money. You may be able to set up a payroll savings plan through your bank or credit union. Also look into any employer-sponsored retirement plans you may have at work, which potentially offer tax benefits along with savings for the future. It might also help to set a savings goal, both for short- and long-term needs. Studies have revealed that families with savings goals tend to save more. Remember that your budget is a living document. As your circumstances change, so will your goals and needs. Review your budget every few months to make sure it reflects your goals and to see if you are saving as much as you possibly can.

Tax Form Mailing Schedule

- 1/31/2020 - 1099-R Form Mailing/First Wave of 1099 Consolidated Forms Mailing
- 2/18/2020 - Second Wave of 1099 Consolidated Forms Mailing
- 02/20/2020 - Third Wave of 1099 Consolidated Forms Mailing
- 3/02/2020 - Fourth Wave of 1099 Consolidated Forms Mailing
- 03/16/2020 - Fifth Wave of 1099 Consolidated Forms Mailing
- 4/15/2019 - IRS Tax Filing or Extension Request Deadline

Office Hours

- January 20th - Office closed for Martin Luther King Day
- February 17th - Office closed for Presidents' Day



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Need a speaker for your church, group, or club? Stephanie speaks regularly on a variety of financial topics you will enjoy and find personal applications to benefit you and your colleagues. Call Jessie today to schedule at (803) 749-7012.



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