# New Year, New You, New Personal Finance Goals

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**Janet Alvarez** @JANETONTHEMONEY

The New Year is upon us and with it an opportunity to reenergize our financial health. Focusing on simple, actionable steps and employing some financial psychology can likelier lead to success. While the intricacies of our personal financial situations are unique, here are some rules of thumb almost everyone should follow to make it easier to track progress and see real results.

**DO** review your financial progress from last year, as well as financial goals yet to be met, to determine where and how you can improve. If you haven't already done so, take a moment to analyze your financial outcomes in 2019. How much did you save, or how much did your portfolio grow? Did you meet your debt repayment goals? If not, what prevented you from doing so?

Asking yourself these tough questions can help guide you toward even better financial outcomes this year. Consider this realistic financial goal: Commit to checking your net worth monthly (weekly is even better). While market fluctuations may affect the day-to-day numbers, checking your net worth frequently helps keep you accountable to overall financial progress.

**DO** set actionable goals for this year. Pick two or three goals that are realistic and will make you more financially secure. For example, set a specific amount you'd like to save or amount of debt you'd like to pay off, and identify what you'll need to do to achieve that goal. Studies show that the immediate gratification you receive from succeeding with these initial small steps makes it likelier you'll succeed over the long term. That's why setting too many goals, or choosing unrealistically ambitious ones, makes it more difficult to succeed. You want to feel the pleasure of having saved your first $100, rather than disappointment if you didn't meet an overly ambitious goal of $10,000.

**DO** find ways to increase your income this year, either by working toward a raise or finding other sources of income, however small. Incomes are rising across America, so now is the time to act and improve your earnings. Salaries are projected to increase an average of 3.3% this year, and many states are enacting higher minimum-wage laws. If you do get that raise, be sure you pay yourself first by putting as much of it as possible toward savings or debt repayment. Remember: Every dollar you keep is yours for your dreams and future; every dollar you spend, you're giving away.

**DON'T** assume a rising tide will lift every boat. Yes, as mentioned earlier, the market has been roaring and incomes increasing. That doesn't mean your financial picture will automatically improve, however. Don't rely on a strong economy to do most of the work, and don't allow yourself to overindulge or spend excessively just because your portfolio is growing. Instead, use this time as an opportunity to bolster your financial health so that you stay financially healthy in leaner times. Stay the course on saving aggressively, investing wisely and managing your spending habits.

**DON'T** forget to maximize your tax savings by employing strategies early in the year to reduce taxable income, such as maxing out your 401(k). If your income is rising, you may be facing a higher tax bracket or tax payments, so prepare accordingly by taking advantage of retirement account contributions, tax credits, itemized deductions and more.

**DON'T** compare yourself to anyone else; your progress is your own, and comparing yourself to others can create demotivating emotions. Still, this is easier said than done, especially with social media inundating us with images of perfectly curated lives. A healthier alternative? Seek the support of others with similar goals by joining discussion forums, groups or healthy goal-oriented activities that allow you to learn from successful peers or compete in a goal-oriented manner. Using social media and online activities toward aspirations is fundamentally different from merely succumbing to the temptation to compare yourself with others. Seek out inspiration and support from successful people, and don't chastise yourself if you haven't reached your destination yet.

Finally, and most importantly, don't assume you can predict the economy or the market. Even professional money managers can't do this successfully. Yes, the market is in a historic bull run and some pundits say we're overdue for a recession. Yet the same was said last year and the year before. Just as you don't want to succumb to complacency or overconfidence, you can't assume a recession is around the corner, either. Stay the course. Keep diversified, with your long-term goals front and center.

Edited by Gleba & Associates for clarity.

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