

A New You in the New Year

Take Time to Take a Fresh Look at Your Finances

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The New Year is filled with weight loss resolutions, promises for new adventures and, typically, plans for your future financial success. Proclamations about grand accomplishments always spring forth at the start of a calendar year and create feelings of optimism and better days ahead. This New Year provides an ideal opportunity to look back at the last financial year in order to gain a sense of the way 2015 shaped up for you financially and how you want to move forward in 2016. Let's start by asking these three straight forward questions:

- *Did I spend as much as I thought I was going to spend last year?*
- *Did I save as much as I expected to save last year?*
- The ultimate conclusion will be to answer this – *did the cumulative sum of my efforts get me closer to achieving my financial objectives?*

If you can answer these three questions, then you're well on your way to crafting a plan to help achieve your desired long-term financial success. Also, if you are able to answer those three questions off the top of your head... well... that is simply amazing! For those that need to dig deeper, let's spend a minute going over what each of these questions means.

Expenses

I realize what I'm about to ask you to do requires a bit of time, work and patience. The request is that you grab your statements, either in paper or online, to research how much you are spending annually. For example, you may have two credit cards and a bank account. If so, grab those statements from each of those credit card accounts and your bank statement to ascertain your total transactions for 2015. Once you have all of that documentation, simply export those items to either an Excel spreadsheet or a CSV file, or transcribe them onto a spreadsheet manually. (By the way, a CSV file is a different form of an Excel spreadsheet.)

Next, sort your data so that it is in chronological order on the spreadsheet. (If you need any help with this, certainly reach out to your trusted financial adviser or accountant for help.)

The last piece of this project is to categorize each of your expenses. You may find the categories have already been predetermined from when you sent the file from your online account. Either way, you want to end up with seven to ten major categories showing how much you spent on each area in the prior calendar year.

You may be surprised to see how much you're spending on certain categories. That may include dining out, travel and gifts. Those are three hot button areas I would give special attention. An example of the twelve major categories: medical, rent/mortgage, entertainment, food, utilities, discretionary spending, travel, auto, gifts, savings, pet care and charity. Use more or different categories as needed.

As a bonus, for those that use Excel, Microsoft has a free spreadsheet to help make this task a bit easier. Just download it [here](#).

Savings

There are several places you may be saving your money every year. One such place is your bank account – maybe you're adding to your savings over and above your annual expenses and your bank account balance slowly grows. Another popular place to save your money on a regular basis would be within your retirement account, or maybe you saved your money in an outside brokerage account or investment real estate.

Go back through the calendar year and take a look to see what your total annual savings were for each of those accounts/investment types by identifying how much money your account balances grew by over and above appreciation/depreciation. Ask yourself if that was the amount of money you expected to save, or are you disappointed that you didn't save more? What we're trying to gain an understanding of regarding your savings is exactly how much have you been saving? Can you expect to save more in the future? And, over a long period of time, how much do those savings add up to? Of course, you'll also want to understand if, perhaps, there's a better account type or place to save your money on an annual basis.

Adding it all up

Now that we've looked at your expenses, which determine your lifestyle, and your annual savings, we will be able to put together a long-term forecast for how your numbers look. Ask the help of a professional in crafting a long-term plan for you, or if you're very proficient in creating a spreadsheet, don't hesitate trying to put these numbers together. In any event, you're going to want to ask yourself:

- *How much money is coming in the door versus being spent?*
- *How much can I save?*

- *What does this amount grow to over the next five to forty years?*

Once you have your plan done, you will have guide posts to provide insight on a regular basis about where your total financial picture should be. Refer back to this plan over time, make changes to it and stay on top of the big picture.

Follow through!

Too often this time of year, we get caught up in making big plans and struggle to actually follow through. Let's use this New Year as a spring board to help establish a focus and direction for your present and future financial picture. If you do all of this work and then don't follow through, you won't be able to gain a better understanding of your financial picture and how you can move forward toward achieving your financial goals.

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