

Newsday

AFTER PANDEMIC-SCRAMBLED 2020 IT'S TIME TO GET FINANCES IN ORDER FOR 2021



By: Sheryl Nance-Nash - December 22, 2020

There's probably never been a year when everyone is ready to rip the Dec. 31 page from the calendar. Adios, good riddance. Bring on 2021.

The COVID-19 pandemic turned most everything upside down. Many people are hoping for a fresh financial start. If you are doing New Year's resolutions, there probably are financial ones high on your list. If they aren't, maybe they should.

After 2020 who doesn't need to rethink their finances? Whether you came out ahead because you managed to save money or need to play catch up because you lost your job or worked reduced hours, vow to usher in healthier money habits in the new year. Make these ideas part of the new you.

Live on a budget

With so much uncertainty in the air, don't rely on winging it. You need a budget and the tenacity to stick to it. "Use your year-end credit card and bank statements to figure out what you spend. Look at it by category. Make sure you take into account all expenses [including taking cash out of the ATM]," says Aviva Pinto, managing director of Wealthspire Advisors in Port Washington.

Once you are clear on expenses, analyze your income. If you are working, pull out your year-end paycheck and see what your total was and how much was taken out for taxes, Social Security, health care, flex plans and the like. What's left after all deductions is your net pay. If you haven't been working, determine what you are receiving in Social Security, pension, retirement and other income. Your year-end investment statements will show you what you made in income and dividends.

The bottom line says Pinto, "If your expenses are outpacing what you

are making, cut back. Do you need to downsize? Can you refinance your mortgage?"

Pay down debt

"Many people enter the new year with debt from the holidays and often it winds up on top of older debt," says Christopher Congema, an investment adviser with Landmark Wealth Management in Melville.

It's likely, too, that over the last 12 months you turned to credit cards to fill an income gap for bills or unexpected expenses.

"Tackle the highest interest rate credit debts first. Try to improve your credit score by reducing your outstanding debt and making your payments on time," says Congema.

If you suffered a financial hardship this year, reach out to creditors about a payment plan. Take advantage of any debt relief programs. "Taking a cash-only approach can you help you knock out that lingering debt in 2021," says Pam Krueger, founder of Wealthramp.com

Find a side hustle

Take advantage of any skills or expertise you have. Generate extra income to help pay expenses, build that emergency fund of at least 3 to 6 months, or to save for retirement. For sure 2020 taught the lesson that you need more than one income stream.

Be savvy about interest rates

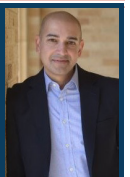
Low interest rates mean perhaps you should examine refinancing your mortgage and other loans. On the flip side, low rates in your savings account should spur you to shop around for higher rates at online banks and credit unions.

Have a legal plan in place

During times like this pandemic do you have your legal documents in order? Will somebody be able to make your health care decisions if you're unable to? What about your financial decisions? If you die, will the right people get your assets?

Says Neel Shah, estate planning attorney at Shah & Associates in Monroe, New Jersey, "Have your will, trust and powers of attorney in place or review them if it's been a while since you set them up."

Neel Shah, managing attorney of the law firm of Shah & Associates is an attorney, financial advisor and author who provides insightful analysis and actionable strategies for Business Owners, Entrepreneurs, and Investors.



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