

New Year, New You?

New Year's Resolutions. Love them or hate them, it is the time of year many of us make goals to change for the better.

For those that are curious, a quick Google search yielded the following top 10 resolutions as per 'goskills' website (in no particular order):

1. Improve fitness
2. Eat better
3. Quit smoking/drinking
4. Self-care (ex: sleep more, reduce screen time)
5. Travel more
6. Volunteer
7. Learn something new
8. Spend more time with family/friends
9. Read more
10. Save more/spend less/reduce debts

A 2021 Forbes Report found a staggering 80% of resolutions fail by mid - February. Research conducted by fitness company Strava in 2019 found most people had given up on their goals by January 19th. I guess that

begs the old adage that "Resolutions were meant to be broken?"

So how does one overcome the odds? As Benjamin Franklin said, "Failing to plan was planning to fail." Given our background in financial planning, below are a few tips to help hit those financial resolutions:

1. **Set a goal:** Many may have heard of setting SMART goals. They should aim to be specific, measurable, achievable, realistic, and timely. Sharing your goals with friends, family or coworkers can help keep you accountable. One main reason resolutions tend to fail is the goal set is either too strict or not realistic.
2. **Do your homework:** Regardless if your goal is to save more or pay down debt, they both require the same thing - more cash. A monthly budget is critical to highlight the ins and outs of cash flow. Are you paying top dollar for cable TV but in reality only watching Netflix? You might also be surprised how quickly frequently dining out adds up.

A few common places you may be able to free up some cash: Dining out, bringing lunch to work, review monthly subscriptions, check cell phone plans (particularly data overages). Also review recreational expenses as well as smoking, alcohol, and shopping.

3. **Break it into smaller pieces:** If you are saving for a trip in a year that costs \$5,000, then you know you will need to come up with roughly \$100 per week in savings for 12 months. Cutting back in small places such as one less meal out a week, or two less coffee runs can quickly add up.
4. **Automate where possible:** One can easily set up automated savings plans that coincide with paydays. The old adage of "pay yourself first" works

here. When money is allocated to a key priority, there is less for discretionary expenses or what is called slippage.

5. **There's an app for that:** Several budgeting and finance apps are available to help with spending, tracking, and goal setting. For example, when TD launched their MySpend app in 2016 they reported that users saw an average drop of 4-8% in their spending after using the app to track their budgets.
6. **Start now:** Too many people fall to the mindset of "Once this is paid off, then I will..." The reality is there often is another conflicting priority that will emerge. Commit to your goal now, even if only a small amount, and review in 3-6 months.
7. **Seek help:** If debt reduction is your primary goal, tackle the highest interest first which typically are credit cards. It may be worth seeing if a debt consolidation loan could help roll multiple payments into one. If your goal is saving, it can be tough choosing which avenue is best between RSPs, TFSA's and RESPs. We suggest consulting a trusted advisor for help.

For those of you who already max out your TFSA each year, 2023 brings a new limit of \$6,500. We encourage you to make the most of it. All the best to investing well and living well in 2023!

"The best time to plant a tree was 20 years ago, the next best time is now."

~ Chinese Proverb

**Written by Keith
Invest Well, Live Well**



Eric Davis
Senior Portfolio Manager
and Senior Investment Advisor
eric.davis@td.com
250-314-5120

Keith Davis
Associate Investment Advisor
keith.davis@td.com
250-314-5124

TD Wealth Private Investment Advice

daviswealth.ca

The views expressed are those of Eric Davis, Senior Portfolio Manager and Senior Investment Advisor, and Keith Davis, Associate Investment Advisor, TD Wealth Private Investment Advice, as of December 28th, 2022, and are subject to change based on market and other conditions. Davis Wealth Management Team is part of TD Wealth Private Investment Advice, a division of TD Waterhouse Canada Inc. which is a subsidiary of The Toronto-Dominion Bank.
For more information: 250-314-5124 or Keith.davis@td.com.

