

TIPS TO MAKING SOUND FINANCIAL DECISIONS

We all need to make smart financial decisions that steer us towards financial independence. When people thrive financially, they tend to feel less anxious and have more room to accomplish short and long-term financial goals. Here are five tips to help you make better financial decisions for yourself:

Develop a financial plan

A solid financial plan is essential to create a roadmap for you to follow. A financial plan addresses your income, expenses, and investments. All these items work together so that once you have your plan in place, the financial strategies proposed by your financial advisor will help you to meet your goals.

Stick to a budget

Budgets keep you accountable. They help you discover your spending patterns and literally force you to prioritize your expenses. It is much harder to go on a mindless shopping spree when you plan what you will buy in advance. The great news about budgeting in this digital era, there are numerous apps specifically developed for that.

Pay off debt

Getting rid of debt gets you closer to financial independence, but it can be an uphill task. The easiest way to go about it is to give yourself a deadline and then work backward from there. Say you have a student loan, and you give yourself a two-year timeline to refund it. You will be able to calculate how much you would need to pay monthly or weekly to meet your goal. Add that amount to your budget and ensure payments go out at regular intervals.

Set savings and investment goals

If you do not have a savings or investment goal, you might end up squandering money you had managed to put aside. Take some time to think about what you want in life, figure out what it will cost you, and then find an investment or savings package that will help you get there.

Have an emergency fund

An emergency fund will help you cover those unexpected expenses without forcing you to acquire crippling debt. It is recommended that an emergency fund be equivalent to at least three months' income.

Financial freedom can only be attained through discipline, consistency, and sacrifice. Implement the tips above and transform your financial future. Unsure of how to design a financial plan? Reach out to us today to get your financial plan underway.