

Financial resolutions that you can keep

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Our New Year's resolutions tend to focus on health and wealth. And while it's easy to jot them down and share them confidently this holiday season, how many of us will actually arrive at next year's party svelte with savings in the bank? Apparently, we'll have a lot more stick-to-itiveness to see our goals to completion if they are in line with the realities our decade is currently facing. As you start to draft your list, and envision how you would like 2012 to look, consider including a few of the suggested goals below.

In our 20s

This is the time to educate yourself and resolve to sock away a little bit of savings each month. Saving isn't as difficult as we think, especially if we put our savings on auto pilot, says Karin Mizgala, a certified financial planner and chief executive officer of Money Coaches Canada, a national network of fee-only financial coaches. Ms. Mizgala, based in Vancouver, says she could come up with a list of what we should be doing in our 20s, but after recalling her own experiences, she knows that we need to be realistic. A top priority then should be to put even the smallest amount of money away every month – \$25. “Who can't do this?” she asks, adding that saving in our 20s isn't for retirement – because no one is thinking about that – rather it's to help us develop healthy financial skills.

The reality is that most people in their 20s won't save much, and will likely end up scraping together just enough money to kick start their goals in their 30s, like saving enough money for a down payment on a house or condo, according to Jason Abbott, a certified financial planner and president of Wealth Designs in Toronto. Mr. Abbott also thinks that this decade should be about financial education. “I'm not saying you need to take the [Canadian] Securities Course, but you should be educating yourself and attempting to learn the basics of personal finance,” he says. That means reading books, blogs and staying connected with what is going on. He says he routinely comes across people who are learning lessons in their 40s that they should have figured out in their 20s, such as the true cost of credit card interest charges. Knowledge in our 20s will serve us well with making decisions in our 30s, and help prevent us from piling on debts which will put us in a better position to reach important goals in the decades ahead.

In our 30s

For most, the bigger picture considerations will take place in this decade: family and a home. In your 30s, you're starting to balance a number of different goals, as you're beginning to make a bit more money, and now is the time to get a handle on cash inflow and outflow. Understanding what cash is coming in and going out allows us to better live within our means. Accomplishing that and

keeping an eye on our debt – even the “good” debt like a mortgage – should be the goal. According to Ms. Mizgala there is such a lack of understanding and discipline to do the mundane things, but they should be done in this stage of life. Valerie Pippy, a certified financial planner and senior vice-president with T.E. Wealth, based in Toronto and St. John’s, Nfld. agrees that you need to be adequately covered in this stage of life. Making sure our life insurance is adequate, completing or updating our wills and powers of attorney, and estate planning should be a top priority. At the end of this decade though, Ms. Mizgala says that if you’ve accomplished a few key things then you’re looking good. “If you can get through your 30s merging your finances with a partner, and having reasonable conversations about money without divorce, you’ve purchased a home and are living within your means, then you are doing beautifully as far as I’m concerned,” says Ms. Mizgala.

In our 40s

If you’ve put retirement savings on the back burner until now then a) who can blame you, and b) it’s OK. You’ve had a lot going on in the past few years, but now is the time to come back and re-evaluate your long-term plan. This is the time to “save, save, save ... as much as possible,” says Mr. Abbott, “and unless you are the do-it-yourself kind of people, then you should find the right partner to help you make a long-term financial plan.” Mr. Abbott says that people in their 40s should put as much energy and care into finding the right financial planner as they would if they were looking for a nanny for their children. Proper planning is crucial to your family’s success. Ms. Pippy says that meeting with a qualified financial planner will help ensure that you are on track. She also suggests that now is the time to review savings for your children’s future education, review mortgage repayment options, and review retirement planning. Now is the time to check-in, and to correct course if you’ve gone too far off track.

Even if you’re not big on resolutions, the new year is a great time to re-evaluate and set priorities. Keep in mind that focusing on one or two goals for the year will lead to more efficient results than trying to tackle everything all at once. Taking into account the reality of your current situation and stage in life will also help you set achievable goals for the coming year that you can feel good about.