

Financial Resolutions for 2025

New Year, New Goals

10 Financial Resolutions

Health, relationships, and personal growth are some of the most common focuses for New Year's resolutions. Financial goals can often be overlooked, even though it can be one of the most impactful areas to prioritize.

Adopting even only a few financial resolutions can help you to move closer to achieving your goals, boost your confidence, and reduce stress. As you begin your financial journey this New Year, remember that small consistent changes can lead to significant long-term rewards.

#1 – Create or Review a Budget

The foundation of a healthy financial life is a budget. The beginning of a year is a great time to start one. If you have already created a budget, take this opportunity to review and adjust it to reflect any changes to your income or expenses. Revisiting your budget is critical in today's economy, since inflation impacts everyday costs.

Below are a few tips to create a budget:

- Assess your average monthly income.
- Breakdown your expenses into categories such as housing, utilities, groceries, and entertainment.
- Set aside funds for savings and discretionary spending.
- Consider creating a spreadsheet or using a budgeting app to stay organized.

#2 – Build or Reassess Your Emergency Fund

Life is full of unexpected challenges and having an emergency fund can provide a much-needed financial safety net. Whether it is medical bills, car repairs, or a sudden job loss, a well-funded emergency account can help in a time of need.

To help grow your emergency funds, you can open a separate savings account and set up automatic transfers. Aim to save three to six months of living expenses in a secure, accessible account. If you have



an emergency fund, ensure it aligns with your current lifestyle.

#3 – Reduce Your Debt

Debt can be an obstacle to financial growth and a source of stress. Make it a priority to tackle your debts strategically this year, whether they include student loans, credit cards, or other obligations. Explore refinancing or consolidation options to reduce interest rates. If possible, make extra payments to accelerate decreasing your debt.

Consider using either the snowball or avalanche method of paying off debt.

The snowball method: Focus on paying off your smallest debts first. Once the smallest debt is fully paid, redirect the amount you were paying toward it to the next smallest debt. This method helps build momentum to tackle larger debts.

The avalanche method: Prioritize paying off debts with the highest interest rates first. Once the debt with the highest interest is fully paid, apply the extra funds to the debt with the next highest rate. This method minimizes total interest paid over time.

#4 – Explore Retirement Savings

Saving for retirement is a crucial part of long-term financial planning. It is never too early, or late to start.

If your employer offers a retirement plan with matching contributions, aim to contribute enough to maximize the match. If you are already participating in a retirement plan, consider increasing your contributions.

Regularly review your retirement plan to ensure your asset allocation aligns with your goals. Strive to increase your contributions by 1% annually or whenever you receive a salary increase.

Explore additional retirement savings options, such as IRAs or Roth IRAs, to further diversify and grow your nest egg.

#5 – Check Your Credit Score

When obtaining favorable loan terms and interest rates, having a strong credit score is essential. Make improving your credit score a priority this year.

Secure your free credit report and review it for any discrepancies. Promptly report any inaccuracies.

Keep your credit card balances low and attempt to use less than 30% of your total available credit. Avoid opening any new credit account unless absolutely necessary, as too many inquiries can impact your credit score.

Focus on reducing outstanding balances, particularly on high-interest credit cards, to quickly improve your credit score.

#6 – Update Insurance Plans

The start of the New Year is an ideal time to review and update your estate and insurance plans to reflect your current financial situation and long-term goals.

If you do not have an estate plan, make it a priority to establish one. This should include a Last Will and Testament, a power of attorney, and a healthcare proxy.

This will ensure your assets are distributed according to your wishes and your medical and financial decisions are handled appropriately.

Review existing life insurance policies to ensure they provide adequate coverage for your needs. Consider updating your beneficiaries or adjusting coverage levels if your circumstances have changed.

Evaluate other insurance policies, such as health, disability, or long-term care insurance, to confirm they align with your current and future needs. Major life events can significantly impact your coverage needs.

#7 – Create Goals and Track Them

Start the year by identifying your financial objectives and setting SMART goals - Specific, Measurable, Achievable, Relevant, and Timely. Clear goals will keep you motivated and provide a roadmap to success.

Start your tracking by:

- Defining your priorities.
- Documenting your goals.
- Breaking goals into smaller, actionable milestones for easy tracking.
- Sharing your goals with friends and family to ensure you are staying on course.

If unexpected changes cause delays, adjust your budget or spending to realign with your objectives.

#8 – Educate Yourself

Knowledge is a powerful tool for improving your financial well-being. Dedicate time this year to expanding your understanding of personal finance. Explore topics like investing, homebuying, retirement planning, or tax strategies.

Read books, listen to finance-focused podcasts, or attend webinars and workshops. For tips and insights, follow reputable personal finance blogs and social media accounts.

Research and join community groups or forums that promote financial literacy and knowledge sharing.



#9 – Monitor Your Spending

Being intentional with your spending can significantly impact your financial health. Challenge yourself to distinguish between needs and wants to make thoughtful purchasing decisions.

Be mindful about spending by:

- Pausing or waiting to purchase to consider whether the item is a need or want.
- Using cash to limit impulse purchases.
- Creating a shopping list before visiting a store to avoid overspending.

#10 – Prioritize Your Mental Wellbeing

Financial worries can be a common cause of stress for adults. While achieving financial goals is important, it is essential to prioritize your mental health and happiness.

Take control of your finances to reduce money related stress by:

- Incorporating small goals that bring you joy, such as saving for a vacation, upgrading your living space, or building something for your kids.
- Budgeting for something you want, but do not need. If your savings goals are on track, budgeting for something fun can help you stay motivated and reward yourself for your progress.

How APCI FCU Can Help You Reach Your Goals

Saving and Budgeting

Alternate savings accounts or a Money Market account will help you keep your emergency fund or other special savings goal separate from your regular savings and checking.

A Money Market will earn higher dividends than savings or checking, but it is a flexible option. Funds can be easily transferred back to savings or checking if you need to access them with no fees or penalties.

Recurring transfers can be set up to build your savings. Set a savings goal that will remind you of your progress.

If you have funds, you know you will not need to access for three months or more, we offer certificates which earn higher dividends.

All these options can be easily accessed through APCI eBanking!

Retirement

APCI FCU offers both traditional and Roth IRAs to supplement your employer retirement plan. IRA funds can be put into certificates to earn higher dividends. APCI FCU IRAs have no maintenance fees and are a risk-free way to grow your retirement savings.

We have Certified IRA Professionals available to assist you with your IRA needs.

Managing Debt

If you feel that consolidation is your best option, APCI FCU offers low-rate loan options:

- Mastercard® Plus features a low fixed rate and no balance transfer fees.
- Secured and unsecured personal loans.
- Fixed-rate Home Equity, Home Equity Line of Credit (HELOC), and Refinance Mortgage with cash-out option.

For more information on all loan products, visit apcfcu.org > Borrow.