

December 21, 2021

HCR 2022 Financial Resolutions



- Every year, you should review your net income, savings, and retirement accounts to know where you stand financially
- You can save thousands of dollars over the years by reviewing your estate planning, reviewing your 401(k)/IRA accounts, insurance plans and credit reports
- You may need to contribute more or less time and money to these aspects of your finances to put yourself in a tax advantaged position
- HCR can help you maximize your returns, work on tax strategies and save for retirement

2021 was an eventful year in many ways, especially for the financial markets with companies reopening and people heading back to the office. As we continue adjusting to these and other changes and as we come to the end of the year, it is important to take stock of your mental, physical, and financial wellbeing. At HCR, we suggest doing an annual review of your financial situation to get a complete picture of where you stand, and what goals you can set to further improve your financial health.

Review your cash flow

The end of the year provides a great opportunity to review your cash flow from the last year and project your cash flow for the year ahead. Was your cash flow positive or negative in 2021? How does your forecast look for 2022? In reviewing your cash flow, focus on three main areas: after-tax income, expenses, and savings. Life is full of surprises, and it is paramount to have reserves to help weather potential storms. Treat your savings as the first expense you must pay every month. If your cash savings/emergency fund was depleted this year, make a commitment to building it back up. Consider having at least 3-6 months of expenses set aside for cash reserves as a rule of thumb.

Review current contributions to workplace retirement plans and IRA's

After review, you may notice the opportunity to increase your current contributions in the coming year as a result of a raise and/or potentially more disposable income. Reviewing your current contributions to your 401(k) and IRAs is also key to making sure you are on track to save as much money as you can for retirement each year.

Review your estate plan if you have not in the last 3 years

A comprehensive estate plan review can seem overwhelming, but this is important especially if you haven't done so in the last 3 years. Your trusted advisors, including your CPA, attorney, and wealth advisor, can help you with this process to make sure that everyone has a thorough understanding of your financial and legal situation. This way, they can help guide you through the process of having the most appropriate estate plan for your specific goals and objectives.

Review your insurance coverage

Insurance is a necessity for many aspects of life, including your health, your home, and your car. It's important to review your current policies to confirm that you have adequate coverage and, with respect to any changes that have occurred in your life, to determine if your current insurance policies are still suitable for you.

Review/Set goals and objectives for 2022

Do you plan on buying a home, taking a nice vacation, or saving more for retirement in the coming years? If so, the new year is a great time to do a comprehensive review of your financial and life goals, and determine how you can secure funding to achieve those goals. Plans such as increasing 401k contributions and saving/investing more are a great way to begin, as consistent saving and investment will ensure your money is working for you.

Review your credit report

With the world moving further into the digital age, our personal information is becoming even more susceptible to theft. Through April of 2022, you are entitled to three free credit reports every week on AnnualCreditReport.com, one from each of the three major credit reporting agencies: Equifax, Experian, and TransUnion. It is key to ensure that your credit report is accurate as it is uncommon for there to be errors on your report, and these errors could have a negative impact on your score. Having good credit may help you save thousands in the form of lower interest rates as well as improved odds for having access to credit.



Jordan L. Kahn, CFA
Chief Investment Officer