

Spent Too Much Last Year? Get a Strong Savings Start This Year

By [Roxanne Ray](#)

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Now that the New Year is here, we have two options regarding our personal finances: We can look backward and dwell on our holiday spending, or we can look forward and consider some great financial strategies for 2013.

Here are a few ideas to get you on a more solid footing by the time the holiday season rolls around again at the end of 2013:

1) Pay Yourself First. If you haven't put away the full \$5,000 of earned income allowed for 2012 in a Roth IRA, you still have until April 15, 2013. And if you're over 50, you can contribute up to \$6,000, subject to limits for tax deductibility.

2) Pay Yourself Again. Plan now to contribute to your Roth IRA during 2013. The allowed amount this year has increased to \$5,500 if you're under 50, and \$6,500 if you're over 50. All gains and dividends are tax-free, so Roth IRAs can really pay off over time.

3) Don't Leave Money on the Table. Are you getting your full employer match for your 401k or 403b retirement plan? If not, increase your own deduction until you do. Don't lose out on money that can and should be yours.

4) Revisit Your Spending. If you're afraid of the word "budget," then how about just

tracking all of your spending for a month? Once you see where your money is going, you may find yourself adamant about making a few key changes.

5) Consider the Big Things. The biggest expenses for most people are housing and transportation. Adjusting downward can save hundreds of dollars per month, which can then be used for other priorities, including debt repayment.

6) Read Up. There are dozens of personal finance books available for free at the library. Consider authors such as Gail Vaz Oxlade, Suze Orman, Vicki Robin or Thomas J. Stanley.

7) Make It Automatic. Set up an automatic transfer to one or more savings accounts every month or pay period. You can create multiple savings accounts for different purposes: Emergency Fund, Medical, Travel, Holiday Spending. Better yet, have your paycheck direct-deposit go into one of your Savings accounts, and then only transfer the actual amount needed for your necessary expenses to your Checking account.

8) Use Your Imagination. Create an imaginary spending plan in which you spend only half of your monthly income – putting the other half toward savings and debt repayment. Don't be frightened! The result may suggest a reduction in your standard of living for a while, but if you put this experiment into action, even partially, you may find that having a lot of savings and no debt can feel like the ultimate freedom.

9) Enjoy the Experiences. Instead of buying objects, try seeking out experiences at little or no cost. Bring family, friends, and a camera, and create a wealth of new memories in 2013 that will be gentle on your finances.

10) Focus on the Positive. Making changes can be hard, but the results will snowball, and that can be exhilarating! Imagine the end of 2013, with less debt, more savings, more knowledge about where your money is going, and a greater feeling of peace and security for the future. Happy New Year!