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BUCKS COUNTY HERALD

January 30, 2014

Four sections 32 pages

Pages at buckscountyherald.com
are numbered from 1 to 32

Volume 12
Number 17

THE VOICE OF CENTRAL AND UPPER BUCKS COUNTY
An Independent Newspaper

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Make five financial resolutions for 2014

Mark Fried

2013 came and went with many changes to our economy, policy and legislation, some of which could impact personal finances in 2014 and beyond.

The new year is the perfect time to evaluate any possible threats to your financial situation and update your financial strategy. By making a few financial resolutions that take 2013 changes into consideration, you can adapt to the changing environment of 2014.

Here are five financial resolutions that could help limit any negative repercussions these changes may have on your financial future.

1. Don't get caught up in market hype; invest according to your risk tolerance.

Markets had an impressive year, but while we marvel at the record highs, let's remember the lessons of history. The drop of 2008 was only months after markets experienced record gains, and many Americans lost considerable portions of their life savings in the downturn that followed. Evaluate how much risk you are willing to take on in order to capitalize on market upsides, but take precaution to protect yourself from a potential downturn. Those who are retired or closer to retirement have less time to make up for any major losses.

2. Lock in any variable interest rates and eliminate debt.

With the Fed starting to taper its bond-buying program in January, interest rates could increase in 2014. If you have any loans that have a variable interest rate, make it a goal this year to lock those in if possible. Additionally, create a plan to pay down debt.

3. Keep track of tax deductions and credits.

New federal taxes implemented in 2013 mean higher income earners could face much bigger tax bills in the spring. Taxes have also gone up for average earners in the form of higher payroll taxes and a number of tax deductions and credits are expiring. While paying taxes is part of our patriotic duty, it's not necessary to overpay. Resolve to stay extremely organized and maintain quality records in 2014.

4. Save for your future – reliably.

In 2013, we saw the city of Detroit file for and be declared eligible for bankruptcy, meaning the city's pensions are in jeopardy, according to a report in USA Today. Pensions across the nation are underfunded, as well. Whether public or private, it's become clear that you can't solely rely on your pension for retirement income, and that saving enough for retirement is your responsibility. Put money away each month into a retirement plan and create your own pension come time for retirement. As you move closer to retirement, be sure to diversify your savings with the goal of lessening your risk.

5. Build a road map for your financial future.

After years of accruing money for retirement, it is important to know exactly what you expect from your retirement savings. Mapping out your financial goals and needs for the 30 years you may spend in retirement is a step you cannot afford to skip. Defining your retirement goals is necessary before choosing the investments that will work best for you and tailoring your portfolio to garner optimum results. Lack of planning prior to retirement can lead to paying too much in taxes, reduced return and an unnecessary increase of risk. With proper planning you can achieve your retirement goals and ensure financial security for a lifetime.

Finally, I would strongly suggest that you work with a financial professional who specializes in working with clients in your stage of life. Working with the right professional will make sure that short-term and long-term objectives are properly addressed.

Make a commitment to yourself, your family and your future to better position your finances for success in 2014.

Mark Fried is the president of TFG Wealth Management, LLC, an independent wealth management and retirement planning advisory firm that serves the greater Philadelphia area. Fried has been helping individuals and families gain control, security and freedom in their financial lives for more than 20 years. If you would like to learn more about Mark Fried and TFG Wealth Management, LLC, call 866-296-8156 or visit TFGwealth.com.