As I drove up US-31 I could not help but notice the beautiful colors on the trees. Mile after mile I witnessed a live portrait of fall coming alive and it was lovely. I quickly begin to think back on my former days of working as a Benefits Administrator and preparing for open enrollment season. Surprisingly enough, the weather does in fact play a role on how we manage money. And as the cooler months approach we tend to find more people getting serious about their finances. So, before the days start to get shorter and the holidays come one after the other let's jump into these ***5 Strategies to Help Your Finances Fall in Line.***

1# Managing Your Employee Benefits

If we haven't learned anything this year, we've certainly learned the need for health insurance is more essential today than ever before. Even if you didn't get sick this year, you were likely to hear of a co-worker or family member falling ill to Covid-19 or any of the other stressors that the pandemic has produced. And as health insurance claims increase so will the cost of your premiums.

Tip #1: Be sure to take a deep dive into your plan and tailor it to fit your family's needs while still managing costs. Now is the time when you want to compare and contrast your health care cost and needs not only from this year but prior years as well. You may also want to consider contributing to a flexible spending plan to help reduce your tax liability and assist in paying out of pocket costs before you meet your deductible.

Tip#2: Increasing your life insurance might not be a bad idea either. With over 200,000 Americans dying from Covid-19 in a short time frame we simply cannot take for granted how quickly we can be here today and gone tomorrow. Let life insurance be your last selfless act to show someone you cared. Be sure to review your policy details and beneficiaries listed. Generally, beneficiary changes can be made anytime during the year, but usually coverage changes can only be made during open enrollment.

Tip#3: Take time to understand your disability plan. Most employer plans only pay 66 2/3% of your pay in the event you become sick or injured. That means you would be taking a 33.3% pay cut if you could not come to work. Where would that money come from? Unfortunately, you're the only person that can answer that question. However, the time to think about it is now rather than later.

#2 Managing Your Taxes

To say that 2020 was a nightmare for the tax community would be an understatement. Even with the extension of the normal tax deadline from April 15th to July 15th the IRS is still struggling to catch up on processing tax forms, refunds and stimulus checks. But that doesn't relieve you from doing your part and being up to date on the latest tax changes and deadlines. Here's what you need to know for the remainder of the year. Even though the filing deadline was moved to July 15th, the tax extension deadline is still October 15th. A tax extension gives you until then to file your tax return, but fees were due back in July. If you have not made any payments yet you will still owe for penalties and interest of any unpaid debt from July 15th until the time you payoff your debt.

Standard Deductions

When it comes to standard deductions a few differences apply. Married couples filing jointly can expect an increase to $24,800 for the 2020 tax year, which is up $400 from 2019. Single taxpayers and married individuals filing separately will notice the standard deduction rise to $12,400 for 2020 (up $200 from 2019). Lastly, heads of households can expect an increase to $18,650 for the 2020 tax year, which is up $300 from 2019.[2]

For single individuals, the alternative minimum tax, or AMT, exemption amount for 2020 is $72,900 and begins phasing out at $518,400. Married couples filing jointly can expect the AMT exemption amount to be $113,400, which begins to phase out at $1,036,800.[2]

Unemployment Taxes

If you were one of the 6 million people that were out of work back in March and are receiving unemployment benefits, you should know that those benefits are considered income and are therefore taxable. The CARES Act created the Federal Pandemic Unemployment Compensation (FPUC) program, which provides additional unemployment insurance to Americans who are out of work. You may need to make a plan for paying the additional income tax so that you won't face a large, surprise tax bill next April. Be sure to consult your tax advisor for additional advice for your personal situation.

Retirement Plans

For employees participating in employer retirement plans including 401(k)s, 403(b)s, most 457 plans and the federal government's Thrift Savings Plan (TSP), the contribution limit has increased to $19,500.[5] The catch-up contribution limit, which is geared towards employees age 50 and older, has increased to $6,500 and the limit for SIMPLE retirement accounts has been raised to $13,500 for the 2020 tax year.[6]

If taxpayers meet certain conditions, they can deduct contributions to a traditional IRA. For instance, if either the taxpayer or their spouse was covered by an employer's retirement plan, the deduction may be reduced or phased out. If neither the taxpayer nor their spouse is covered, the phase-out of the deduction does not apply.[7] These ranges for 2020 are as follows:

- For single taxpayers covered by a workplace retirement plan, the phase-out range is $65,000 to $75,000.
- For married couples filing jointly, where the spouse making the IRA contribution is covered by a workplace retirement plan, the phase-out range is $104,000 to $124,000.
- For an IRA contributor who is not covered by a workplace retirement plan, but who is married to someone who is covered, the deduction is phased out if the couple's income is between $196,000 and $206,000.[7]

Heath Care Spending

The dollar limit for employee salary reductions for contributions to a health flexible spending account, or FSA, has increased $50 from 2019 to $2,750. Also in 2020, participants who have self-only coverage in an HSA, or health savings account, must have a plan in which the annual deductible is not less than $2,350 and no more than $3,550. Additionally, for self-only coverage, the maximum out-of-pocket expense amount of $4,750, which is an increase of $100 from 2019.[2]

For participants with family health coverage, the base for the annual deductible is now $4,750 for the year 2020. The deductible cannot exceed $7,100 and the out-of-pocket expense limit is $8,650, which is an increase of $100 from 2019.[2]

#3 Managing Your Credit

Sometimes when it comes to credit card companies, if you don't ask, they simply won't tell. At the end of the day, card companies are like any other business, meaning they need a profit to survive. The Bureau of Consumer Financial Protection estimates that nearly 170 million Americans have credit cards. That's a lot of us, so it's time to be smarter consumers by learning what these top secrets are that credit card companies could be keeping from you.

Tip #1: Paying Early Cuts Your Balance Faster. Most credit card companies charge interest on your average daily balance, so if you can't pay off all your balance at once, pay some of it early. For example, if you have a $2,000 balance, but immediately pay $500 at the beginning of the month, interest will only be charged on the remaining $1,500. This may seem insignificant, but it adds up in the long run.

Tip #2: Your APR Will Dramatically Increase if You're Not a Smart Card User. If you have a credit card with a reasonable annual percentage rate (APR), don't take it for granted. Any mistake on your part, whether it's late payments or spending over your limit can significantly increase your APR. The good news is that not every card comes with this particular penalty. Therefore, if you're applying for cards, make sure to read the application closely to see if this applies to you.

Tip #3: Card Companies Can See Your Credit History. Credit card companies can actually look at your credit profile and raise interest rates if they notice some bad behavior. If you missed something related to another credit card or even a loan, you might end up paying more on your credit card balance too. The next time you're late on your mortgage payment, check to see if your interest rates have changed. Now that you're aware of some of the top things credit card companies don't want you to know, you can make better financial decisions. Remember to read the fine print in your card applications so you don't let anything else slip by. As the consumer, you have more power and knowledge than you think - use that to your advantage in order to save money.

#4 Managing Your Fears Around The Stock Market

You notice over your morning coffee a stern warning emanating from your television as the very serious business reporter notes the Dow opening down one percent. What do you do? If you screamed, “Sell!” or “Panic!” perhaps you should take the advice of some of the world’s savviest investors and turn away from the stock ticker for the rest of the day. You may be envisioning dollar signs flying out of your wallet and you want to get on the phone and sell. You may even see an opportunity to buy. However, most market gurus will say that if you have a wise strategy in place, it's typically best to stay the course.

Billionaire and real estate magnate Warren Buffet told CNBC in 2016 that buying or selling in a rush may not be the best strategy. “If [worried investors are] trying to buy and sell stocks, and worry when they go down a little bit … and think they should maybe sell them when they go up, they're not going to have very good results." Such a panic move could unbalance your portfolio where you are either taking on more or less risk than you should.

Tip#1: Having a balanced portfolio can help to balance risk and return. Generally speaking, balanced portfolios consist of a 50/50 mixture of stocks and bonds. You can re-balance by selling other assets like bonds or even commodities. Then you can invest in stocks that are down in price. It’s not a panic buy; it’s a strategic move that fits your original investment plan by taking your portfolio back to the ratio of stocks to other assets.

Tip#2: Resist Panic Selling. Typically panic selling is triggered by events that may lower the confidence level of investors causing them to sell and when this occurs on such a wide scale sharp declines in pricing tend to occur. Selling in a rush to get out of a down market could have long-term implications and often times cause you to miss out on some big gains when the market corrects.

Tip #3: Deciding to invest only in U.S. and the E.U. As developed countries, the United States and the European Union offer a lot of security when it comes to commercial and residential real estate investments. However, ignoring the opportunities in nations that may be considered riskier excludes higher earnings that often accompany higher risks. For example, some ultra-high-net-worth individuals (classified as those worth more than $30 million) often invest in other parts of the world such as Chile, Singapore and Indonesia. Individual investors or their advisors often can find emerging markets that match up to their investment strategies. Just keep in mind that you also don't want to make the mistake of not thoroughly researching the local market before investing in a property. This research should take into account local information regarding price-per-square-foot comparisons, commercial construction activity, cap rates, zoning regulations and economic growth.

#5 Draft Your Financial Plan for 2021

COVID-19 has brought about uncertainty in numerous forms with many individuals and families waiting to know when they can return to school, work and an overall normal way of life. For those who have experienced economic hardship the road may seem a bit uncertain. But there are still proactive ways to ease your financial future and the first step begins with putting your thoughts on paper and drafting your plan.

Tip #1: When it comes to numbers, it can be hard to evoke an emotional response. That's why it's important to give your goals a "why" when you can. Placing a reason behind the numbers can be a big motivator in achieving your financial goals. Think about the difference between "I want to pay my student loans off faster" and "I want to pay off my student loans faster so my wife and I can buy a house and start our family." Remembering why you're passing up on those concert tickets this month can help make your sacrifices a little easier to make.

Tip #2: Ambiguity won't be your friend as you work to set financial goals. Focus on being as specific as possible instead. Your goals should have a measurable and definitive finish line. This will help you track your progress and feel a sense of accomplishment once you achieve your goals. For example, if you have a goal to save money for a down payment on a new car, choose a number. While you may not know exactly what car you want or how much it'll cost yet, put an estimate to your goal. Instead of saying "I want to save some money and buy a new car next year," try "I will put $250 in a separate savings account for the next 12 months that will be used as a down payment for a new car." This provides a clear, definitive goal that you can track month after month.

Tip #3: You can follow every step in this article, but if your goal simply isn't reasonable — you likely won't attain it. As you look to set a goal, you must evaluate your current financial standings in comparison with your desired financial picture. If you'd like to accumulate a certain amount of wealth by the end of your 30's, you need to figure out how it can be done. If your current saving and spending habits support this goal, then you're likely on the right track. But if you're often spending more than you're saving, then you may need to either adjust your goal or adjust your current spending habits.

Tip #4: While we mentioned it in step three, evaluating your spending habits is a tip worth repeating. If your spending habits don't support your goals, you're likely fighting a losing battle. Create a monthly budget that supports your future financial goals and current needs. A popular budget breakdown is 50/30/20:

- 50 percent on needs (groceries, rent/mortgage, utilities)
- 30 percent on wants (shopping, eating out)
- 20 percent on savings and debt repayment

For example, if your income after tax each month is $4,000, you'd spend $2,000 on necessities like your car payment, electric bill and rent or mortgage, $1,200 on date nights, clothes shopping and weekend trips and $800 would go toward your student loans and savings account. While everyone's financial circumstances and current needs differ, this ratio can be a great place to start as you look to draft a budget.

Tip #5: If you're really worried about things like a college or retirement fund during a downturn in the market be sure to re-evaluate your investment risk. Use our Free Risk Analysis tool to determine if your risk has changed since you've been investing. For more information visit our Investment Planning page at www.impactfulsolutionsgroup.com

Before you know it we’ll be singing Christmas carols and looking forward to a new year. Over the next few months take some time to reflect on what you’ve learned over the last year so you can get a head start on the new year. When you start to see headlines of the stock market declining it can be easy to go into panic mode and wait to watch values decline in real-time. It's always a good idea to keep your long-term goals in mind before making any decisions in a downturn and consulting with an experienced financial advisor or tax advisor before making any moves.

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