Q2 2025 | Spring Edition

Health. Wealth. Wisdom.

Spring Cleaning

8 Tips for Tidying Up Your Personal Finances

Spring cleaning doesn't just mean dusting off those bookshelves in your living room (which probably haven't been dusted since you moved in). Or vacuuming cobwebs off your ceilings (always great fun). Or cleaning the outside of all your windows. Here are eight quick tips to help you tidy up your finances.

1. **Check your withholding.** It's great if you received a big tax refund this year, but it means you gave Uncle Sam an interest-free loan out of your paychecks throughout the year. You may want to consider reducing the amount your employer is withholding from your paycheck. If you're not sure what to do, check with a CPA or other tax professional for guidance.
2. **Check your debts.** Getting a handle on your debts, how much interest you're paying, and when payments are due is a worthy exercise at any time of the year. Search for ways to reduce the interest rate you pay on loans and credit cards. Look for opportunities to consolidate debt if it makes financial sense—and put in place a system to avoid late payments.
3. **Review automated payments.** Many people have recurring payments that are automatically deducted from financial accounts. Review those payments, canceling those for products and services that are no longer used, such as gym memberships or streaming services or apps with programs you rarely watch.
4. **Shop around.** If it's been a while since you shopped around for better rates on your car insurance, cable, cell phone plan, or other recurring items, now is a good time. You should be shopping for better rates at least once a year to ensure that you're not overpaying for services.
5. **Document everything.** Financial planners recommend documenting all your accounts, bills, and service provider contact information. You and your loved ones will be happy to have all important information together if there is an emergency or in the unfortunate event of someone passing away.
6. **Check up on insurance coverage.** When was the last time you reviewed your homeowners or life insurance policies? It may be time for an insurance check-up—and not just to make sure you're getting the most competitive rates. Pull copies of your policy documents to ensure that you have adequate coverage or conduct an annual review with your insurance agent, especially for property-casualty policies.

WARREN WEALTH
ASSOCIATES

Warren Wealth Associates
28 Mountain Boulevard
Warren, NJ 07059
908.769.9400 | www.warrenwealthassociates.com

7. **Practice cybersecurity best practices.** If your passwords typically vary between your birthday or your pet's name, you should plan to increase your level of security (particularly for financial accounts and email). If you have trouble remembering all your passwords for the various services you use, consider using a password manager. Look for a product that that includes multifactor authentication for the most security.
8. **Check your beneficiary designations.** People pass away, get divorced, get remarried, and have children. When those and other life events occur, people often forget to review their life insurance and retirement account beneficiary designations. Now is a great time to review them and make any appropriate changes.

Invest in Their Future

A 529 College Savings Plan Is a Great Way to Prepare for the Rising Costs of Higher Education

Looking for a great way to invest in a child's future? A tax-advantaged 529 college savings plan is specifically designed to help families save for future college expenses. It can make a big difference in helping a child achieve their education goals and career aspirations.

How Does It Work?

Although contributions to a 529 plan are not tax-deductible, the money is allowed to grow tax-free. When the funds are used for qualified education expenses such as tuition, room and board, books (and even certain K–12 costs), you don't pay federal income taxes on the withdrawals. These plans can be tailored to fit your needs and provide flexibility, such as:

- **Use at any accredited institution.** Funds can be used at eligible colleges, universities, vocational schools, and even some international institutions.
- **Control over the funds.** The account owner retains control over how and when the funds are used.
- **High contribution limits.** Many plans have no annual contribution cap, and lifetime limits vary by state but are often substantial.

Key Benefits

One of the biggest benefits of 529 plans is that you get to enjoy tax-free growth and withdrawals for qualified expenses (some states offer additional tax deductions or credits for contributions). In addition, if your beneficiary doesn't end up needing the funds, you can transfer the account to another family member.

Who Can Open a 529 Plan?

Parents, grandparents, godparents, aunts, uncles, or even family friends can open and contribute to a 529 plan. You can also name anyone as the beneficiary.

Class Dismissed

Just like with your 401(k) savings plan, the earlier you start, the more time your money has to grow. Even small, regular contributions can add up over time. For more information, check out savingforcollege.com. You'll find information on state-specific 529 plan options and a comparison of different 529 plans, along with savings calculators and cost estimators.

Source: savingforcollege.com.

The fees, expenses, and features of 529 plans can vary from state to state. 529 plans involve investment risk, including the possible loss of funds. There is no guarantee that an education-funding goal will be met. In order to be federally tax free, earnings must be used to pay for qualified education expenses. The earnings portion of a nonqualified withdrawal will be subject to ordinary income tax at the recipient's marginal rate and subject to a 10 percent penalty. By investing in a plan outside your state of residence, you may lose any state tax benefits. 529 plans are subject to enrollment, maintenance, and administration/management fees and expenses.

Loud Budgeting

Loud Budgeting Can Help You Align Your Spending with Your Values and Goals

As a financial management strategy, loud budgeting is a relatively new and simple concept. It involves turning down social opportunities outside of your budget, such as an impromptu dinner or an expensive weekend away. But it goes a step further: You tell people that those activities don't fit into your budget and why. Loud budgeting encourages you to "make noise" about your priorities by aligning your spending with your values and goals.

Unlike budgeting techniques that focus purely on managing cash in and cash out, loud budgeting focuses on managing money in a way that balances financial goals with personal priorities.

Here are some examples of loud budgeting in action:

- **Prioritizing travel and experiences.** You love traveling, so you allocate a significant portion of your budget to vacations, flights, and unique experiences. To make room for this, you consciously minimize spending on dining out, buying new clothes, or upgrading tech gadgets.
- **Investing in health and wellness.** If fitness is a top priority, you might spend on a premium gym membership, personal training, or healthy meal delivery service. To balance the budget, you might skip expensive hobbies or entertainment subscriptions.
- **Supporting education and self-development.** You might value lifelong learning, so you allocate funds for online courses, workshops, or attending conferences. To afford this, you reduce spending on luxury items or entertainment.
- **Building a dream home.** If creating a comfortable home environment is important, you might splurge on high-quality furniture or interior design while cutting back on vacations or eating out frequently.
- **Family and community.** You might direct resources toward supporting your family, like paying for your child's extracurricular activities, saving for their education, or donating generously to causes you care about. In exchange, you might drive an older car or limit discretionary spending.
- **Fashion or hobbies.** If you're passionate about fashion or a specific hobby, you could spend more on designer clothes, art supplies, or sports gear, while being thrifty in other areas like entertainment or dining.

Loud budgeting is about unapologetically aligning your money with your values, even if it's unconventional. It's the financial equivalent of saying, "This is what matters to me, and I'm going to focus on it."

Sources: "What Is Loud Budgeting and Is It for You?" Experian, March 30, 2024; "What Is Loud Budgeting?" SoFi, September 18, 2024.

Retirement in Motion

Tips and Resources That Everyone Can Use

Knowledge Is Retirement Power

According to the Employee Benefit Research Institute, nearly 1 in 3 retirees (31 percent) say they spent more than they can afford in 2024—up from just 17 percent saying the same in 2020. Anticipating certain expenses later in life can alleviate financial anxiety and allow you to enjoy your retirement with confidence. Check out "10 Costs to Include in Your Retirement Budget" from *U.S. News & World Report*. Keeping these key costs at the center of your planning efforts can help keep your budget on track.

Question & Answer

Q How often should I review my 401(k) investments?

It's a good idea to review your 401(k) portfolio at least once a year. You'll want to review your goals, time horizon, risk tolerance, and portfolio performance. As your life and financial markets evolve, your preferred asset allocation can drift off course. To stay aligned with your preferred asset allocation, you may need to periodically rebalance your portfolio by selling some assets that have grown in value and buying others that have lagged. And if your priorities and goals change, you may need to adjust your asset allocation.

Quarterly Reminder

If you anticipate receiving a tax refund this year, consider creating an emergency fund with some or all of it. It's important to have this money available for when something unexpected comes up, such as a car, refrigerator, or dishwasher breaking down. Aim to have 3–6 months of living expenses saved in an account that is separate from your checking account.

Tools and Techniques

One strategy that you can take advantage of with your 401(k) deductions is dollar cost averaging. Specifically, it's when you buy investments in steady increments instead of investing a lump sum all at once (e.g., $100 every week or 5 percent from every paycheck). When prices are low, you get more shares for your money. When prices are high, you buy fewer shares. This strategy can potentially help lower your average cost per share over time as you fund other financial goals. It's important to note that while this approach doesn't necessarily guarantee a profit or protect you against loss, it's a very practical and disciplined way to invest.

Corner on the Market

Basic Financial Terms to Know

International Monetary Fund (IMF). The IMF is an international organization that promotes global economic growth and financial stability, encourages international trade, and reduces poverty. Based in Washington, DC, the organization is currently composed of 190 member countries.