



Americans' Top 5 Financial Resolutions for 2019*

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*<https://www.fool.com/retirement/2018/12/10/americans-top-5-financial-resolutions-for-2019-and.aspx>

The start of a new year is a good time to take stock of your finances and pledge to do better. Here are Americans' top five money-related resolutions for 2019 -- and how to pull them off.

1. Save more money each month

Saving more on a monthly basis tops Americans' list of goals for the coming year, and one of the easiest ways to do so is to automate your savings. The logic here is simple: You can't spend money you never see, so if you arrange to have a portion of each paycheck land directly in your savings account, you'll avoid the temptation to blow that money on other things instead. If you're doing well on near-term or emergency savings, sign up for your employer's 401(k) plan and have money from each paycheck sent to your retirement plan. If you don't have access to a 401(k), find an IRA that offers an automatic savings option instead.

2. Reduce spending each month

Saving money and spending less go hand in hand, so if you're serious about cutting costs, it's crucial that you take the time to create a budget. This way, you'll see where your money is going, which of your expenses are nonnegotiable, and where you have room to cut corners. Once you have that budget in place, you might choose to reduce one substantial expense to significantly lower your spending. Sure, you could pledge to cut out your \$4 latte twice a week, but that'll only reduce your spending by about \$32 a month. On the other hand, if you decide to move to a less pricey apartment, you might save \$300 a month.

3. Pay off credit card debt

Credit card debt is bad news, so eliminating it is a smart goal to strive for. To start, take a look at your various balances, see which have the highest interest rates, and tackle those first. At the same time, you might consider transferring your balances onto a new card with a lower interest rate, which could help you pay off that debt sooner. Of course, you'll need cash to pay down that debt, but you can get it by cutting back on expenses or getting a side job. Either way, the sooner you get rid of those nagging balances, the less money you'll throw away on interest.

4. Build an emergency fund

An estimated [58% of Americans](#) have less than \$1,000 in the bank. Your emergency fund, however, should contain a minimum of three months' worth of living expenses so that you're covered in case your car breaks down, your home needs repairs, or you lose your job and need income while you search for a new one. Therefore, if you're sitting on, say, \$500 in savings, you'll need to do better. Once again, cutting back on expenses and working a second gig on top of your main job will help you boost your cash reserves more quickly. At the same time, be smart about banking any extra cash you get -- a \$1,000 year-end [bonus](#) could be a nice addition to your savings account, as could a \$200 check for the holidays from your generous parents.

5. Save more for retirement

The more money you sock away for [retirement](#), the more comfortable a lifestyle you'll have access to as a senior. Beginning in 2019, workers under 50 will have the option to contribute up to \$19,000 a year to a 401(k) and \$6,000 a year to an IRA. Those 50 and over, meanwhile, get a catch-up provision that brings these limits up to \$25,000 and \$7,000, respectively. Of course, maxing out a retirement plan is easier said than done, but if you pledge to simply do better than you did the previous year, it'll make a big difference over time.

Case in point: Imagine you've been saving \$300 a month in your IRA thus far. If you continue to save \$300 a month for the next 30 years and your investments generate an average annual 7% return during that time, you'll add \$340,000 to your nest egg. But if you manage to save \$400 a month instead over that same time frame and generate that same return, you'll end up with an extra \$453,000.

Making a list of financial resolutions is one thing; sticking to them is a whole other story. But if you commit to the goals you set, you'll have a lot more to celebrate at the end of the year.