WEALTH

A STRONGER (FINANCIAL) YOU….. IN 2022!

WITH GEORGE KROUSTALIS

photography by Jim Schmid

With the holidays upon us and yet another New Year around the corner, we know for most of us, it's the best time to change it up a little. Whether that means taking up a new hobby, breaking a bad habit, developing a good habit, or simply making a change for the better, something new can be beneficial. And not just for a better today - but for a better future.

As this column would suggest, I'm talking about money and your financial future.

If ever in your life, you've vowed to yourself in January that "This is the year I'm going to get it together financially, and manage my money better, instead of it managing me", then this column is for you. Read on to find out how to take control and revitalize your finances.

As it has been well documented in many publications, America has a financial literacy problem. If you consider that sixty-three percent of Americans don't have enough money in savings to cover a $500 emergency, we have a problem. And one that has been greatly exaggerated with the COVID-19 pandemic last year that made it even more urgent for better financial and budget management.

THE DYNAMIC DUO: SAVING AND INVESTING

Here's what you need to know about saving for your future, whether that's life after work or that home remodel project you've put off for years.

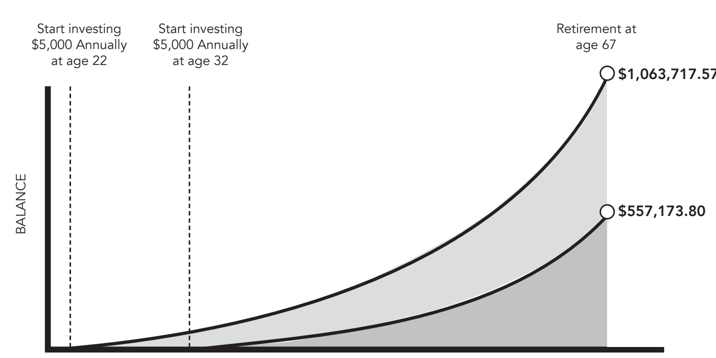
The first thing you can do today, right now or January 1st is to start saving.

The best day to start saving is today, even if you only save a little bit. (Yesterday would be even better, if I could go back in time!).

Why start now?

There are two simple reasons:

1. The magic of compound interest. You've likely read about this before but the best way to understand it is to see it in front of you.



Yes, this math is correct. These two people put the same amount of money away each year ($5,000), earn the same six percent return on their investment and stopped saving upon retirement at age 67. The early investor ends up with nearly twice as much money. The saver and investor who started saving ten years earlier would have about $500,000 more at retirement. The earlier you start, the more you will have - it's that simple.

2. Saving is a habit. We know it makes mathematical sense (see #1) and common sense to start saving early, but it isn't always easy. In fact, it's been psychologically proven that our brains don't make it easier for us to save. We are programmed to treat ourselves to things we can enjoy now in the present rather than down the road in the future.

This is where you have to listen to Nike…. Just Do It!

Okay, let's say I'm the typical earner and I'm in. I've started paying myself first and saving 5 percent of every paycheck. I've built my emergency fund and it feels great knowing that I have back up plan if s*** hits the fan (i.e. life happens). But my bank account is earning nearly nothing at the moment….so how do I get my money to work for me and potentially grow?

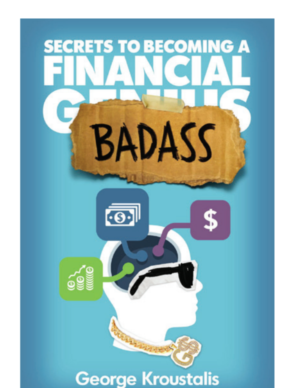
It's time to become a stock market investor.

Tip #1: You don't need to be financially savvy to be a great investor. It's true! You don't need to major in economics or read financial magazines to get comfortable with money. You just need to build a few good habits, prioritize savings and learn the importance of equities.

Tip #2: It's easier today to learn about investing and become a successful investor than ever before. The evolution in finance has led to investing being much less costly for investors, as well as having more access to a wide variety of investments. Of course today, there is an app for nearly everything and saving and investing is no exception.

Tip #3: The return on your long-term savings needs to beat Inflation as the cost of living generally goes up over time. Yes, the "I" word is back. As we have realized over this past year, the prices or cost of nearly everything has increased – appliances, automobiles, homes, food, Uber rides, etcetera. Widely followed inflation gauges are now showing multi-year or in some cases multi-decade highs. Historically, stocks have offered attractive long-term returns that outperform the returns for fixed income, cash alternatives and yes, even inflation.

One last thing to consider: money and lack of financial clarity, specifically, causes stress. If you take away anything from this article, I hope it's that paying yourself first by saving and having that rainy day fund established should be a priority. It's essential to any type of success and gives you options down the road. When the inevitable "life happens" moment occurs, being financially prepared to handle it will make it much more manageable, and much less stressful. So cheers - to a healthier 2022!



George Kroustalis has a passion for spreading financial literacy. As a principal and financial advisor at CAPTRUST, George works daily with clients preparing for or enjoying retirement and sees first-hand the importance of savings. Earlier in his career after an encounter that he refers to as the "spark that lit the fire", he left inspired. He knew that the more people he could educate on the basics of finance, the more people would know how to take full advantage of the greatest financial asset they have: time. This was the beginning of his mission to spread the word – and what led him to author his book, Secrets to Becoming a Financial Badass.