



HERITAGE
WEALTH MANAGEMENT

Success Starts at the Foundation:

Fundamentals that Successful Investors
and Savers Understand

In today's dynamic and challenging financial environment, many savers and investors are concerned about their ability to properly save and utilize their hard-earned money. Successful savers understand the value of revisiting key foundational strategies that are vital for helping achieve financial stability and long-term wealth.

Maintaining a successful financial lifestyle can incorporate proficiency in several key areas, including having an overall grasp of your finances, understanding the basics of your income and expenditures, using credit and debt sense, and knowing how to save and invest your hard-earned dollars.

We believe an educated client is our best client. We know that your financial journey can be enhanced with proper knowledge, strategic planning, and a commitment to setting and following long-term goals.

Volatility and uncertainty will always be a part of an investor's journey. Seasoned investors always make time to recap and remember smart money management techniques. While there are many strategies that could help you reach your financial goals, we feel that every investor, regardless of their age, work status, or income, will benefit from reviewing the following fundamentals.

Investing is a long-term commitment.

First and foremost, we believe investing is a long-term commitment. Most people invest in equity markets to build wealth in either their retirement or personal portfolios. Regardless of your goals,

"We are what we repeatedly do.

Excellence,
therefore, is not an act, but a
habit." Aristotle

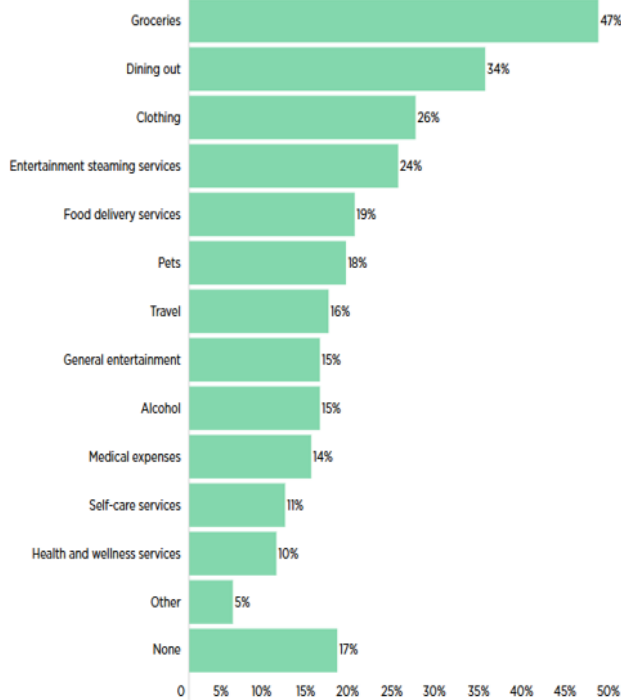
investing in equities should always be thought of as a long-term commitment. Historically, equities have rewarded long term investors. Seasoned investors understand the difference between "investing" and "trading". Investing is more of a long-term activity, while trading is a more short-term, higher risk activity.

Having a long-term mindset helps experienced investors handle the stress of unpredictable market ups and downs. During high volatility and uncertainty, investors who have a long-term mindset typically experience less stress and anxiety than investors with a short-term approach to their investments. Seasoned investors know how to limit their exposure to the media and stay focused on their plan and personal financial goals.

As iconic long-term investor Warren Buffet said, "Nobody buys a farm based on whether they think it is going to rain the next year. They buy it because they think it is a good investment over 10 or 20 years."

As financial professionals, our goal is to find the right long-term plan and investments for our clients' portfolios, taking into consideration time horizons and risk tolerances.

Overspending Categories



Source: NerdWallet survey of 2,070 Americans conducted online March 31-April 4, 2023, by The Harris Poll. Respondents could choose more than one answer.

Understanding the importance of a budget.

A sound budget that is adhered to can take the guesswork out of your incoming and outgoing cash flow. It can help you plan for future purchases, determine what you need to put aside to reach savings goals, and understand what money you need to allocate toward daily living expenses.

Do you have a vacation or event you need to plan for in the next 12 months? Having a personal budget will help you determine how much and at what frequency you'll need to put funds aside for that trip or event. Seeing these figures in a tangible way can help make the decision whether you need to buy a "nice, but not necessary" item you are considering easier. In creating your budget, you may discover many adverse spending habits that you didn't even know you had.

Many people are first introduced to the concept of saving at an early age when they were given their first dollar of allowance. Creating and following a spending plan that accounts for current and future income and expenses seems easy, right? While the concept may seem simple, this is the one area that most people find themselves going off track, let alone forgetting altogether. Thomas Jefferson once noted, "Never spend your money before you have earned it". Back then, he probably never imagined how easy it would be to spend money with the swipe of a card or click of a button that we are tempted with today.

How many hopeful savers have devised a budget at the beginning of the year only to see it fall by the wayside before the first quarter even ended? According to a recent finding by WalletHub, over 86% of Americans have a budget. However, according to NerdWallet, a report highlights that 83% of Americans, even those who have created a budget, admit to overspending. To make the spending snowball even larger, many use credit cards to cover the overspending, thus incurring interest charges.

The easiest part can be to create a budget; the hardest part is sticking to it. Staying passionate about your financial goals and keeping them consistently at the forefront of your mind can help you stick to your plan when tempted to unnecessarily spend.

Use personal debt wisely.

Now more than ever, it's very easy to spend "imaginary" money. What used to take time with writing a check at the counter, we can now simply be done by swiping a debit card or digital wallet in a second. What wasn't available to us if we didn't have cash, is now at our fingertips with credit cards and digital pay options. But not without a cost – it can take only a few seconds to rack up thousands of dollars of unnecessary debt and interest charges.

Average Consumer Debt Balance in 2024						
Mortgage	HELOC	Student Loan	Credit Card	Auto Loan/ Lease	Personal Loans	Total Average
\$252,505	\$45,157	\$35,208	\$6,730	\$24,297	\$19,014	\$105,056

Source: Experian.com

While some debt can be necessary and even provide some beneficial tax advantages, like a mortgage (of course, with a reasonable mortgage interest rate), incurring other types of personal debt or taking loans with higher interest rates can be one of the quickest ways to slow down or even stop any forward progress toward your financial goals. Avoiding any non-essential long-term debt is critical for preventing financial headaches that immediate gratification of even the best purchase cannot solve.

Maintain an emergency fund.

According to NerdWallet's 2023 consumer budgeting report, emergency savings and investments are on the top of Americans' financial priorities. An emergency fund can help buffer life's unexpected turns. These funds should be dedicated to assisting you in the event of unplanned necessary expenses or financial emergencies. For example, the loss of a job, unexpected home repairs, or emergency medical bills. You may be tempted, but remember, these funds are not to be used for travel excursions or for impulsive purchases.

I'm sure most of us have heard the saying, "pay yourself first". This doesn't mean buying that new featured item that your social media algorithm has incessantly advertised. It means setting aside an allotted percentage of your paycheck each month into savings or the emergency fund. Many savers also take the opportunity to advance their efforts by setting aside a portion or all of their tax refunds into these accounts.

While income, necessary monthly expenditures, dependents, and lifestyles can differ, a good strategy for every saver is to aim for having at least three to six months' worth of expenses saved in case of an emergency.

Avoid liquidating equities to pay for larger expenses.

Do you anticipate a big purchase, such as buying a car in the near future? Are you hoping to pay cash for this car? Do you have a trip or vacation planned? Are you doing some remodeling in your home?

Planning to have appropriate cash reserves for these larger expenditures is more strategic than keeping your fingers crossed hoping that your investments will rise and be the best source of funds the day you need them. Liquidating your investments at the wrong time can prove to be costly. Successful investors try to be intentional when it comes to funding large expenditures.

Live within your means.

The best savers typically live within their means. In tune with keeping a budget and not going into unnecessary debt, living within your means is easier said than done.

A good exercise is to write down your must-have expenses, such as housing, food, gas, medications and utilities. Don't forget to add a line for your savings and emergency fund. Then write down your non-negotiable "want but don't necessarily need" items, such as streaming subscriptions. Ideally, the total cost of your

necessary items should leave you some savings and breathing room. If you're finding yourself putting more and more on your credit cards and are unable to pay them off every month, you're not living within your means. Successful savers and investors monitor their spending habits and think about the future.

Enjoy your life!

After all this discussion about diligently saving, it may seem impossible to actually enjoy the money you have in the present day. Benjamin Franklin coined the famous phrase, "A penny saved is a penny earned." But don't forget that your hard-earned money should be enjoyed as well. Being diligent is important, but after you have accumulated a reasonable amount of savings, try not to eliminate all personal enjoyment just so you can squirrel away a few extra dollars. For some, this means taking that bucket list vacation or cultivating and enjoying their favorite hobby. For others, this could mean spoiling their grandchildren, or philanthropic work.

Remember, money allows you freedom, choices, and opportunities to enjoy your life.

Keep your complete financial future in view.

Don't lose track of your financial goals. The most critical step is to have a strategy and plan. The next step is sticking to it. As the steward of your wealth, we are here to help you on your financial journey. If you'd like to have a review of your overall financial picture, we can discuss this at your next meeting, or you can call us to set up an appointment. We understand that each client has a unique financial situation, and we will consider your distinctive needs and goals when providing any recommendations.

Our objective is to understand the goals of our clients and then create plans to address those goals and needs. As always, we appreciate the opportunity to assist you and your financial matters. If you have any questions or concerns, please call us.

"Do not save what is left after spending. Spend what is left after saving." Warren Buffett



Help us help others!

2025 is proving to be a year of change. There are a lot of people seeking clarity.

Our goal this year is to help others with their financial goals and decisions.

Do you know someone who may benefit from the information we provide?

If you would like to share this article with a friend or colleague, please call us at 858-613-9191 and we would be happy to provide them this valuable information.

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