

## Festive Finances: Year-End Planning Recommendations for a Merry Christmas and Prosperous New Year

As the holiday season approaches, it's time to embrace the spirit of giving, sharing, and celebrating with loved ones. While the holidays are a time of joy and merriment, they also coincide with the end of the fiscal year, making it the perfect opportunity to engage in some year-end financial planning. In this article, we'll blend the festive cheer of Christmas with the practicality of finance, offering you recommendations to ensure a prosperous New Year. So, grab a cup of hot cocoa, settle by the fireplace, and let's unwrap the gift of financial wisdom.

**Deck the Halls with Budgeting:** The holiday season often leads to increased spending on gifts, decorations, and festive feasts. To avoid the post-Christmas financial hangover, it's crucial to set a budget. Create a comprehensive list of holiday expenses, including gifts, travel, decorations, and food. Once you have a clear understanding of your financial commitments, allocate a specific budget to each category. This will help you keep track of your spending and prevent overspending.

**The Gift of Saving:** Consider setting up a dedicated holiday savings account for next year. Starting early in the year and regularly contributing to this fund can alleviate the financial strain that often accompanies the holiday season. Automate your savings by setting up direct deposits, increasing the likelihood that you'll have a festive fund ready when the time comes.

**Santa's Stock-ing Stuffers:** The end of the year is an ideal time to assess your investment portfolio. Review your stocks, bonds, and other investments to ensure they align with your financial goals and risk tolerance. Consider rebalancing your portfolio if necessary. This can help optimize your returns and reduce potential losses.

**Checking the Naughty or Nice List:** Take a close look at your financial statements and credit reports. Ensure there are no inaccuracies or fraudulent activities. It's essential to resolve any discrepancies promptly to protect your financial well-being. Additionally, consider consolidating or closing unused bank accounts to streamline your finances.

**Year-End Tax Planning:** Maximize your tax savings by exploring year-end tax strategies. This may include contributing to retirement accounts like IRAs or 401(k)s, which can reduce your taxable income. You can also make contributions to your child's 529 account and secure a state tax deduction if your state provides one. Be aware of tax deadlines and consider consulting a tax professional to help you make informed decisions.

**Charitable Giving:** 'Tis the season of giving, and charitable contributions can have both a positive impact on others and potential tax benefits for you. Research and select reputable charities that resonate with your values. Keep detailed records of your donations for tax purposes, as they may be deductible.

**Retired and taking Required Minimum Distributions (RMDs)?** If you haven't already taken your RMD for the year, make sure you do it by December 31<sup>st</sup> and consider donating a portion to charity. This is called a Qualified Charitable Distribution (QCD) and you won't be taxed on this withdrawal from your retirement account. Check with your financial advisor for assistance!

**Reindeer Returns:** If you anticipate receiving a tax refund, plan for how to utilize this extra income wisely. Consider using it to pay off high-interest debts, boost your emergency fund, or invest in your financial future.

Embrace the Gift of Financial Education: Use the holiday downtime to expand your financial knowledge. Read books, attend workshops, or follow financial experts' blogs and podcasts. Strengthening your financial literacy can lead to better financial decisions throughout the year.

The Importance of Gratitude: Amid the hustle and bustle of the holidays, take a moment to reflect on the year that has passed. Express gratitude for your achievements and experiences. Gratitude can inspire a positive mindset and help you approach financial planning with a sense of abundance and optimism.

A New Year's Resolution for Financial Wellness: As you celebrate the arrival of the New Year, consider making a financial resolution. Whether it's saving a specific amount each month, reducing debt, or investing in your retirement, setting clear financial goals can pave the way for a prosperous future.

This holiday season, let's make a pact to combine the joy of Christmas with the wisdom of financial planning. By embracing budgeting, saving, and thoughtful financial strategies, you can ensure a prosperous New Year while enjoying the festivities with peace of mind. As you deck the halls, remember to also deck your finances, and you'll find that the gift of financial security is one that keeps on giving. Merry Christmas and a Happy New Year to you and your loved ones!

*Do you have a specific question? E-mail me at: [anne.e.schutt@nm.com](mailto:anne.e.schutt@nm.com) and we can include your question in an upcoming article.*

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