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On Course | October 13, 2020 | Volume 20, #11

Welcome. We at Compass Planning appreciate the understanding and support from all of you as we move through this pandemic. Thank you.

For more than seven months, we have been living in a very different world. We think it's a good time to take a closer look at what has happened to your finances. The newsletter this month can help you focus on where you are and what you can do moving forward. Both the why and the how are important. Please read on.

You may have missed our recent series on retirement. For Retirement, Part 1 - Retirement Savings, click [here](#). For Retirement, Part 2 - Social Security, click [here](#). For Retirement, Part 3 - The Retirement Paycheck, click [here](#).

If you need assistance creating an income and expense plan, we are here to help you stay *On Course!*

Jennifer Lane, CFP



What should you do if your budget won't balance? Everyone lives on limited resources, no matter how rich they may seem. Be sure you are spending on what's important to you. Check your list and see if there's anything you can reduce. Entertainment, vacation, and holiday spending are places people often find they can cut back.

Tracking Your Expenses - Why & How

Why track your expenses

- Whether you think your finances are stable or in trouble, chances are they have changed since the beginning of the pandemic.
- We are still uncertain of what the economy will do as we move through recovery.
 - PPP loans will run out soon.
 - More layoffs may occur.
 - Retirees face low interest rates.
 - Income tax may increase when the current law expires.
 - Healthcare costs remain uncertain.
 - Social Security may go up -- or it may go down.
- By tracking and understanding your expenses and income, you are better prepared to handle whatever happens in a way that protects and improves your financial situation.

Before doing anything else

- The easiest way to begin is simply to calculate your income versus withdrawals.
- Add up your income for the year-to-date. Do the same with your withdrawals.
- If your income exceeds withdrawals, then you are in good shape.
- If your withdrawals exceed your income, figure out why. In some cases, it's ok to spend more if it's intentional.

What to do next

- Once you have a high level look at your finances, take the time to set up a more structured ongoing review.
- You can use [Mint.com](https://www.mint.com) for tracking, your credit card reports, or your own spreadsheet.
- Depending on which would be more useful to you, use a monthly or per paycheck view of income and expenses.

Moving ahead

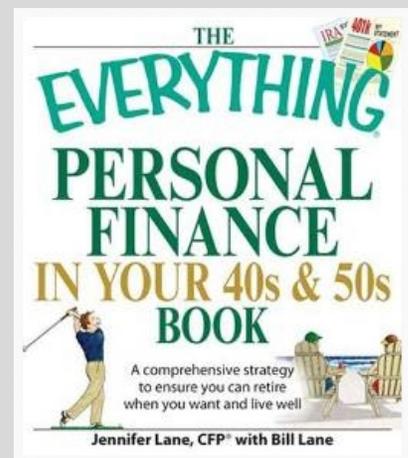
- If you have more income, then
 - Increase your savings or contribution to your retirement account.
 - Boost your emergency funds.
 - For singles, three-four months.
 - For households with two incomes, five-six months.
 - For households with one income, up to one year.
- If your spending outweighs your income, understand that there are no inherently bad expenses. Your job is to figure out which of your expenses hold the least value to you so you can allocate your resources toward what you think are your most important goals.

Potential areas:

 - Make brand changes to save money.
 - Check your subscriptions and automatic monthly charges to see if you can cancel any.
 - Reduce extra fees for late payments, overdrafts, or sale charges.
 - Save on food expense by cooking more and taking out and dining out less.

Once you're done, you have the foundation for an ongoing income and expense plan. Knowing why you spend and understanding your habits will naturally help you achieve the goals you think are important.

Get more tips in Jennifer's book



[Buy Now](#)

Jennifer and Sarah were both named
2020 Boston Five Star Wealth Managers.



Helpful Websites

[Mint.com](https://www.mint.com)

Jennifer In The Media

Below are links to Jennifer's frequent contributions to financial planning articles.

- If you're interested in dividend funds, Jennifer contributed to **The New York Times** article, *Dividend Funds Can Add Income, and Risk, to Your Portfolio*. [Read article.](#)
- Jennifer contributed to a **BankRate** article, *Should I combine my mortgage and student loans?* [Read article.](#)
- Need help with your 401(k) during the pandemic? Jennifer contributed to a **Boston Globe** article, *Five tips for managing a 401(k) during the pandemic's turbulence*. [Read article.](#)
- Jennifer contributed to the **Bottom Line Inc** article *Prepare your Finances for a Possible Recession*. [Read article.](#)
- Jennifer contributed to **The Wall Street Journal** article *If Saving During a Pandemic Is Hard, Here's How to Stay Motivated*. [Read article.](#)
- The **New York Times** featured Jennifer in an article titled, *Balanced Funds Don't Inspire Fear or Greed. That's Why They Are So Useful*. [Read article.](#)
- With a contrarian view, Jennifer contributed to an article, *People are enraged by the idea that you should have twice your salary saved by the time you're 35!* published recently by **Business Insider**. [Read article.](#)
- Moving in together? Check this article from **Business Insider**, *Five questions you and your partner should answer before taking the biggest step in your relationship*. [Read article.](#)
- **Insider** asked Jennifer to contribute to an article on old fashioned ways to manage your money, *Six money-saving tips your grandma used that are way more effective than any budgeting app*. [Read article.](#)
- Jennifer contributed to an article on **Business Insider**, *This is the best way to do your taxes online - according to experts*. [Read article.](#)
- **CNN Money's** Money Moves featured Jennifer in an article on how to strike the right balance between retiring early and saving enough. [Read article.](#)
- Jennifer contributed to a **CNN Money** article *When is the Right Time to See a Financial Advisor?* [Read article.](#)

Compass Planning News

- Compass Planning continues to meet with clients as well as those interested in learning more about the firm via phone and web-based video conferencing. Email info@compassplanning.com to learn more.
- Compass Planning has become a supporter of [The Center for Financial Planning](#) at the sustainer level. The CFP Board created the center to achieve a more diverse and sustainable financial planning profession so that every American has access to competent and ethical financial planning advice.
- Compass Planning is a sponsor for this year's YW Boston's [2020 Elevating Lives Series](#). YW Boston's Elevating Lives Series is a curated event series that focuses on areas relating to the YW Boston's mission of eliminating racism and empowering women. The series convenes thought leaders from across sectors for transformative discussions that help elevate lives.
- AdvisoryHQ named [Compass Planning](#) as one of the ten best Boston financial advisors. ([Disclosures](#))

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our fee-only, client-centered approach provides education and guidance for achieving financial goals and dreams.

This newsletter and any linked references are for informational purposes only and are not to be construed as tax, legal, or investment advice. Compass Planning has gathered the information from sources it believes are reliable, but your individual situation can vary, and you should consult with your investment, accounting, and/or tax professional before taking any action.

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