

# I'll do it tomorrow FINANCIAL PLANNING



with jim farber

**ALTHOUGH** we worry about our financial future, it is difficult to make provisions for something that far ahead until current obligations are satisfied. In a nutshell, we take care of the future AFTER dealing with the present. I can almost hear you say, "duh, isn't that the normal sequence, take care of today first and tomorrow later?" Right you are. So tell me, when is later - next month, next year?

**There is another way to look at this.** If you prepare BEFORE dealing with the present there will be value available for tomorrow. Nothing new here except maybe a mindset that will make saving a little easier. There it is, the dreaded "S" word. But surprise, surprise, you are already doing what I'm going to suggest. No one receives what he or she earns. There are deductions each pay period for taxes and the government's mandated savings program, Social Security. We pay these on the installment plan. A lump sum tax payment or Social Security contribution at year end won't work. We buy cars, appliances, and homes on the same basis. We enjoy them while paying for them.

**How about this?** If you work the last half-hour of each day for yourself, you can save 6% of your compensation in an eight hour day. For example: The hourly rate for \$30,000 annual compensation is \$14.42 (\$30,000 divided by 2080 hours = \$14.42). Half an hour is worth \$7.21. Save that every day for 260 working days and it adds up to \$1,875 for the year, or 6% of your comp. Apply your own figures to the formula.

**If you are fortunate enough** to have an employer with a 401(k) plan it gets better:

- a) your deferral into the plan is pre-tax plus any earnings are tax deferred, and
- b) if the employer matches a percentage of your deferral, you get additional contributions into your account -- free money! If you are on your own or don't have a plan at your place of employment, explore an Individual IRA\*

**Look at SAVINGS as an investment in yourself.** It will pay off. Talk to your employer, financial advisor, insurance professional and maybe even someone older who can verify that "tomorrow is just around the corner" no matter how far in the future it appears to be. The price of a car would be daunting if you were faced with paying for it all at once. That is why there are auto loans. You don't have to take the bus while waiting to accumulate the price of a car. What I am suggesting is PAY YOURSELF a little each month and when tomorrow comes you will have more than a gold watch and a bus schedule.

\*IRA, 401(k), and other retirement plan contribution limits are different, but the savings concept is the same.

For more information, please contact your trusted advisor at Swartzbaugh-Farber – 'Client Centered – Client Advocates™'.

*This material is intended for informational purposes only and should not be construed as legal or tax advice and is not intended to replace the advice of a qualified attorney, tax advisor or plan provider.*

*Securities Offered through M Holdings Securities, Inc., a Registered Broker Dealer, Member FINRA/SIPC. Swartzbaugh-Farber & Associates, Inc. is independently owned and operated.*