

11 PERSONAL FINANCE TIPS FOR SECOND QUARTER



From funding your retirement accounts to taking care of taxes, there's a lot you can do in the second quarter to make sure you're financially on track. Keep reading for 11 personal finance tips for second quarter.

#1: Review Your Goals, Budget, and Cash Flow

Now is the time to review your 2020 financial goals and assess what you've accomplished and where you are at in achieving your objectives.

Are you on track after the first quarter? If so, please accept this virtual high five! 🙌

If not, don't sweat it. Do what you can to get back on track in the second quarter. If you have to, adjust your budget and cut back on expenses. Also, see where your goals might be a bit unrealistic or

where you under budgeted, and then make adjustments.

Also, review your cash flow. Monitoring what you're spending your money on helps you analyze what you can cut and apply it toward your retirement savings or your emergency fund. Even if it's just a few extra dollars, every little bit helps.

#2: Rebalance Your 401(k)

It's the start of the second quarter, which means it's a perfect time to rebalance your 401(k).

When it comes to the market, the only constant is change. The stock or mutual fund that you chose last quarter may or may not necessarily still be going in the right direction for you.

If you aren't rebalancing your account allocations, you may experience much larger losses in down markets and may miss the opportunity for growth during good markets.

Which is why this personal finance tip for second quarter may help you **earn and keep more of your hard-earned money**.

We recommend rebalancing your account allocations every quarter, or four times a year. This way, you can make the appropriate changes in order to stay on course with your savings goals.

We also recommend getting third-party advice because those who do rebalance on their own often fail to manage risk through proper asset allocation. Rebalancing only the percentages of current holdings does not consider current market and economic conditions. This may result in more significant losses during bad markets.





#3: Fully Fund Your IRA for 2019

If you have an individual retirement account (IRA), and you haven't fully funded it for 2019, you have until April 15, 2020, to do so.

See what you can do between now and then to max out the contribution limit for 2019, which is \$6,000. Remember, every little bit helps so if you only have an extra \$300 to contribute, do it!

#4: Contribute 1% More to Your 401(k)

No matter your financial situation, you can make more of a difference in your retirement savings than you might think just by **saving 1% more** than you did last quarter.

Bumping up your contribution 1% over last quarter might not seem like a big deal, but it adds up over time.

Let's say you earn \$60,000 a year. If you saved an additional 1% of your salary, you'd only have \$50 per month taken out of your paycheck and put into your 401(k). If you contributed 1% more starting in April, you could save an additional \$450 between now and December 31, 2020.



#5: Fund That Emergency Savings Account

This personal finance tip for second quarter is an important one: ensure you're funding your emergency savings account every month.

According to the US Federal Reserve, **4 in 10 adults would either not be able to cover \$400 worth of unexpected expenses** or would cover it by selling something or borrowing the money.¹

Having an emergency fund helps **cover unexpected expenses without stressing, or having to borrow or carry a balance on your credit card.** When something unexpected arises, the last thing you need is to go into debt to pay for that new AC unit, an emergency vet bill, or car repair.

When this happens, **it makes it harder to pay it back and continue saving and covering living expenses.** It's a vicious cycle, and one you can easily get out of if you commit to funding your emergency savings each time you get paid.



#6: Get Your Taxes Done, If You Haven't Already

The IRS tax deadline for personal taxes is Wednesday, April 15, 2020. Make sure you get them done on time. If you need an extension, make sure you file for one on or before April 15.



#7: If You're Expecting a Tax Refund, Give Your Retirement Savings a Boost

Another personal finance tip for second quarter that can boost your retirement savings is to invest your tax refund.

Instead of purchasing that new TV or spending it on a vacation, spend it on yourself and your future. The best part is that if you invest your refund into your 401(k) or IRA, it **won't affect the amount of your take-home pay.**

If you add to your 401(k), it needs to go through payroll deduction.

We recommend you contact your Human Resources department, tell them the amount you want to invest, and they will take it out of your paycheck(s). Then use your tax refund to live on and make up the difference during this time.

If you have a traditional or Roth IRA, you can use IRS Form 8888 and redirect your refund into your IRA. Or, if you're currently set up for automatic monthly contributions from your bank account, make a one-time payment for the amount of your refund.

#8: Pay Estimated Taxes On Time

If you are self-employed, your Q1 2020 quarterly tax payment is due by April 15. Q2 estimated taxes are due June 15.

The last thing you want is to get stuck with a large tax bill come 2021, so make sure you pay estimated taxes on time.

Federal estimated taxes can be paid online. Many states allow you to pay estimated state taxes through their state department of revenue websites. Check with your state to see if you can pay online or need to mail your payment.





#9: Plan Now for Summer Vacation

This personal finance tip for second quarter is a bit more fun than the others: planning that summer vacation. Planning might be fun, but paying for it isn't--especially if you're not prepared and have to put it on a credit card.

According to Vacasa's 2019 Summer Travel Trends report, customers polled said they budgeted an average of \$2,779 on their summer trips. For larger families, the price tag is much higher.²

Start saving for your summer vacation now, even if you aren't sure where you'll go. Add a line item in your budget and save something out of each paycheck. This way, you won't go into debt and have to pay interest on your summer fun.

#10: Review Your Credit Score

It's important to check your credit score every so often to ensure the information is accurate.

With recent data breaches and the fact that they are only going to continue to happen, there's no time like the start of second quarter to request a report and verify nothing is showing up that's not yours.

While you're at it, check your credit card statements and bank accounts for any fraudulent activity. Most banks and credit cards have fraud programs that will alert you if something is fishy. If you aren't already signed up to receive fraud alerts, make it a point to do it now.



#11: Get Professional Third-Party Help

This final personal finance tip for second quarter may make a significant impact on your overall financial health and your retirement savings.

It doesn't matter how far away from or close to retirement you are or how much money you've saved. Nor does it matter how much debt you have.

Speaking to a third-party expert now can help you get on track and stay on track with your financial goals.



Think about it this way: **Even the best athletes in the world have coaches!** Find an advisor to help you be successful with your money!

About 401(k) Maneuver

401(K) Maneuver manages your 401(k) for you by reviewing your account quarterly based on your risk tolerance, current economic and market conditions, and the menu of investment choices made available by your employer plan. Then, we rebalance as necessary.

Whether you want more money for retirement or you don't want to lose what you have, 401(k) Maneuver exists to help you with the goals to...



- **Improve account performance** over time so you have more money for retirement.
- **Manage downside risk** to minimize losses during bad markets, to avoid losses like 2008.
- **Decrease fees** that strike a blow to your account performance, so you may keep more of your hard-earned money.
- **Avoid target date funds** that may not be the best strategy to achieve your goals.

Visit us online today at: <https://www.401kmaneuver.com/>

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Sources:

1. <https://www.federalreserve.gov/newsevents/pressreleases/other20180522a.htm>
2. <https://www.vacasa.com/discover/summer-travel-trends-report>