

# BANK BETTER

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## YOUR LIFE

# How to Be Savvy with Your Money

01.16.20

New year, new you. If you have a resolution or two this year, hopefully one of them has to do with your finances. As the 2019 slate is wiped clean, it's the perfect time to assess (or re-assess) where you are with your finances and how you can best use what you have – and what you earn – to reach financial goals and make the most of your money in 2020.



### Stick to a Monthly Budget

No matter what your monthly income is, you should have a plan on what you do with it. Think of it as your – or your family's – spending plan. Start with what you need for your living necessities (food, shelter, transportation, child care, utilities, etc.) and go from there.

When you go through your monthly expenses, calculate what you have left every week for entertainment or the unexpected. You'll obviously want to dine out on occasion or go to a movie with a friend or sporting event with the family, and life will inevitably throw you a curve in the form of a medical bill or car issue you'll need to pay for. Allot for a small percentage of your monthly income for these extras – some anticipated and some not.

### Evaluate Needs and Adjust Others

The new year is a good time to take a deep dive into what you're getting for your money. Can you get a lower rate on your cable TV or mobile phone? Take a look at your utility bills and monthly auto-pay debits. Maybe there's a subscription service you aren't making use of and you can cancel? If you eat out or order three times a week, try to make it two instead.

Are you splurging on your pets or higher-end brands a little too much? Are you making good use of your gym membership and, if you aren't, can you exercise at home or get your cardio on a brisk run? Lots of apps offer savings opportunities or loyalty rewards that can also help with spending less. It doesn't hurt to adjust your lifestyle or shop for better deals. Use the new year as an excuse to do so.

### Pay Off Debt

With all those positive adjustments you're making, you might have a little extra to make a dent in your debt (if you have any). Look to pay more than the minimum on balances. Always.

#### 1 Avalanche Method

If you have many instances of debt, a good strategy is to tackle the debt with the highest interest rate first. Once you've paid off the debt with the highest rate, move to the next highest. The Avalanche Method will save you the most money in the long run.

#### 2 Snowball Method

If you find it more appealing to put your extra towards the small balances until they are zero, by all means get rid of them first before moving to larger amounts that may seem daunting.

Whatever motivates you to get it done, do it. Once you erase your debt, you'll have more to work with per month. Depending on the amount of your debt, it may take a while. Don't give up though. It will be worth the effort. (Note: If at all possible, try NOT to accumulate any more unmanageable debt this year.)

### Start an Emergency Fund

Why do you need an emergency fund? From household repairs and medical care to an unexpected lay-off from your job, there are plenty of reasons. Depending on how much money you have coming in, a general rule of advice is to have at least three months of income stashed away for urgent needs. This should be considered a separate fund from any general savings. You'll want to be diligent about not dipping into it as it should only be used for what you, or your family, deem as emergency situations.

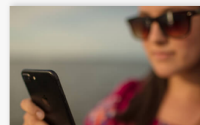
### Save. Save. Save.

With a new outlook for the year and new financial strategy, it's time to pay yourself first. You need not wait until you pay off all your debt or have built up that emergency fund. You can save anytime. Do you envision your kids going to college in the future? Look into a college savings plan like a 529 that will offer you tax benefits. Do you have a 401k plan at your job? Look into participating, if you aren't already, or contributing more from your paycheck if you can afford it.

Put away something every week if you can into a dedicated savings account. Consider a monthly auto-transfer into a dedicated savings account, or the above mentioned 529, so you won't factor it into your monthly budget. Check out our [Savings Calculator](#) if you need some help setting goals.

It might take some time to put everything in motion and see the results you want, but make it a New Year's Resolution that you stick to. A little progress every month will keep you motivated and set you up for financial success as you get into the year.

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