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SPOTLIGHT ON:

Personal financial planning in 2024: New year, new strategy

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PERSONAL FINANCIAL PLANNING IN 2024

The new year marks the start of new beginnings, so there's no better time to revisit your personal financial strategy. Drawing up an economic plan with clear, achievable goals can improve your long-term financial health and help protect you and your family against external factors.

Whether you're putting a personal financial plan together for the first time or you want to revisit your strategy, here are a few personal financial planning tips to help you secure your financial future in 2024.

HOW TO APPROACH YOUR PERSONAL FINANCIAL STRATEGY

LOOK AT YOUR CURRENT FINANCIAL SITUATION

Before embarking on your personal financial planning journey, you'll need to conduct a thorough analysis of your present situation. The better you understand your circumstances, the easier it will be to plan and budget accordingly.

Working out your net worth or pinning down the value of your assets and liabilities can be a little more challenging for those with more complex financial affairs – for example, if you're a shareholder in a business or own a large investment portfolio.

In this instance, you may need to consult with a professional adviser to gain an accurate understanding of your financial circumstances.

Using cloud accounting software to track your spending can also make it quicker and easier to conduct a financial health check.

ARE YOUR BOOKS IN ORDER?

Staying on top of your books is vital if you want to understand your finances. By keeping detailed, accurate and up-to-date financial information on file, you'll find it easier to see where your money is going and what you should focus on in the future.

SET YOUR GOALS FOR 2024

Once you know where you stand financially, you can start plotting out the year ahead. Establishing clear and achievable financial goals is crucial for guiding your efforts throughout the year.

Perhaps you want to pay off debt, invest in property, put money aside for your children's education or build up a rainy day fund. Whatever your ambitions, setting measurable, time-bound objectives can make it easier for you to stay on the road to financial success.

YOUR BUDGET

A crucial piece of the goal-setting puzzle is your personal budget. Your budget should align with your current circumstances and financial goals.

Think about what you're spending at the moment, how much you're earning and how much money you need to save to meet your goals.

If you want everything to go to plan, you'll need to create a realistic personal budget that aligns with both your current circumstances and financial goals. Look at your past financial data to understand how you usually spend money and identify areas to cut down on.

YOUR TAX STRATEGY

Your tax strategy is an important part of your financial plan. By minimising your total liabilities, you can retain more of your hard-earned income to meet your personal goals.

Work with an accountant to devise a tax-efficient plan that ensures you pay the right amount of tax – no more, no less. In the short term, this could include maximising reliefs on your self-assessment tax returns or timing the sale of property correctly to defer your capital gains tax payments.

More long-term tax strategies could include setting up a trust to protect assets or an estate plan that helps you pass your wealth onto the next generation.

BUSINESS OWNERS

Entrepreneurs should consider the tax treatment of their business income. Since companies are often taxed at a lower rate than self-employed individuals, incorporating your business may help boost your personal income in certain circumstances.

If you're the director of a limited company, for example, paying yourself a combination of salary and dividends can help you minimise your personal tax bill.

Your accountant can offer expert advice on these matters, ensuring that you structure your pay in the most tax-efficient way possible.

IMPORTANT QUESTIONS TO ASK YOURSELF

DO YOU HAVE AN EMERGENCY FUND?

Unforeseen circumstances can disrupt even the best-laid plans. If you fall on hard times, an emergency fund acts as a financial safety net.

The exact amount you'll need to save will depend on your unique circumstances, but you should aim to put enough money aside to cover a few months' worth of living expenses. If you can afford to build up a fund, this can save you a lot of stress in the long run.

DO YOU HAVE ANY OUTSTANDING DEBT?

If you have any outstanding debts, addressing them should be a priority. The longer you leave bills unpaid, the more interest you'll accrue.

To create a repayment strategy that will help you to pay off your existing debts, evaluate and organise them based on their urgency and interest rates.

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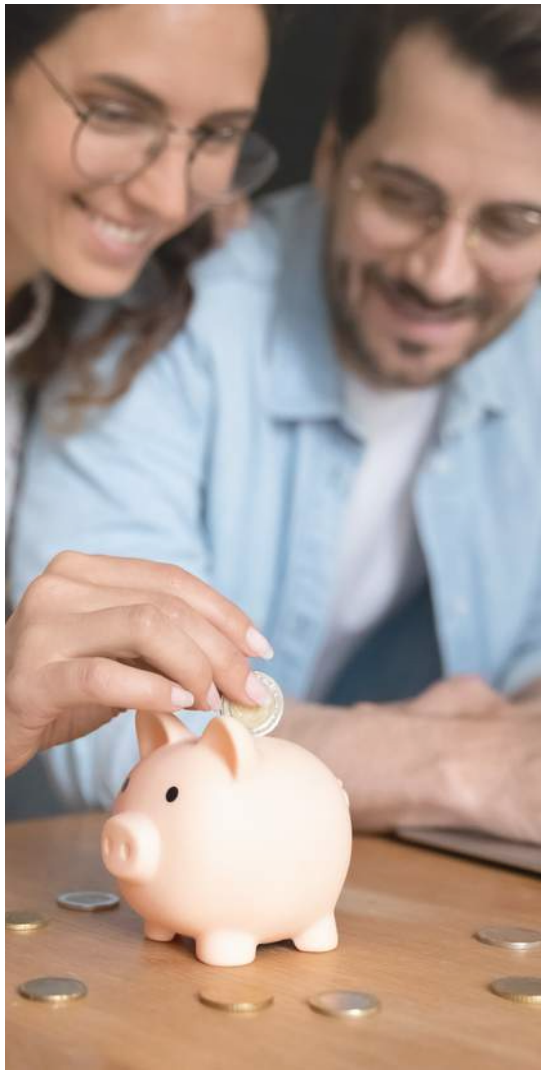


DO YOU HAVE ENOUGH INCOME TO ACHIEVE YOUR GOALS?

Personal financial planning isn't just about scrimping and saving; it's also about ensuring you have the income you need to achieve your short-term and long-term goals.

In some cases, it may help to explore opportunities to boost your income, such as taking steps to grow your business or expand your investment portfolio.

Although no investment is entirely without risk, diversifying your income streams can help you boost your personal wealth while safeguarding you against financial pitfalls.

GETTING YOUR PERSONAL FINANCIAL PLAN RIGHT

The best financial strategies evolve alongside your circumstances and goals. Regularly reviewing your plan ensures it stays relevant and protects your finances as much as possible.

However, constantly adjusting your strategy can be time-consuming and difficult to get right. If you want to get the most out of your plan, you should consider working with finance professionals.

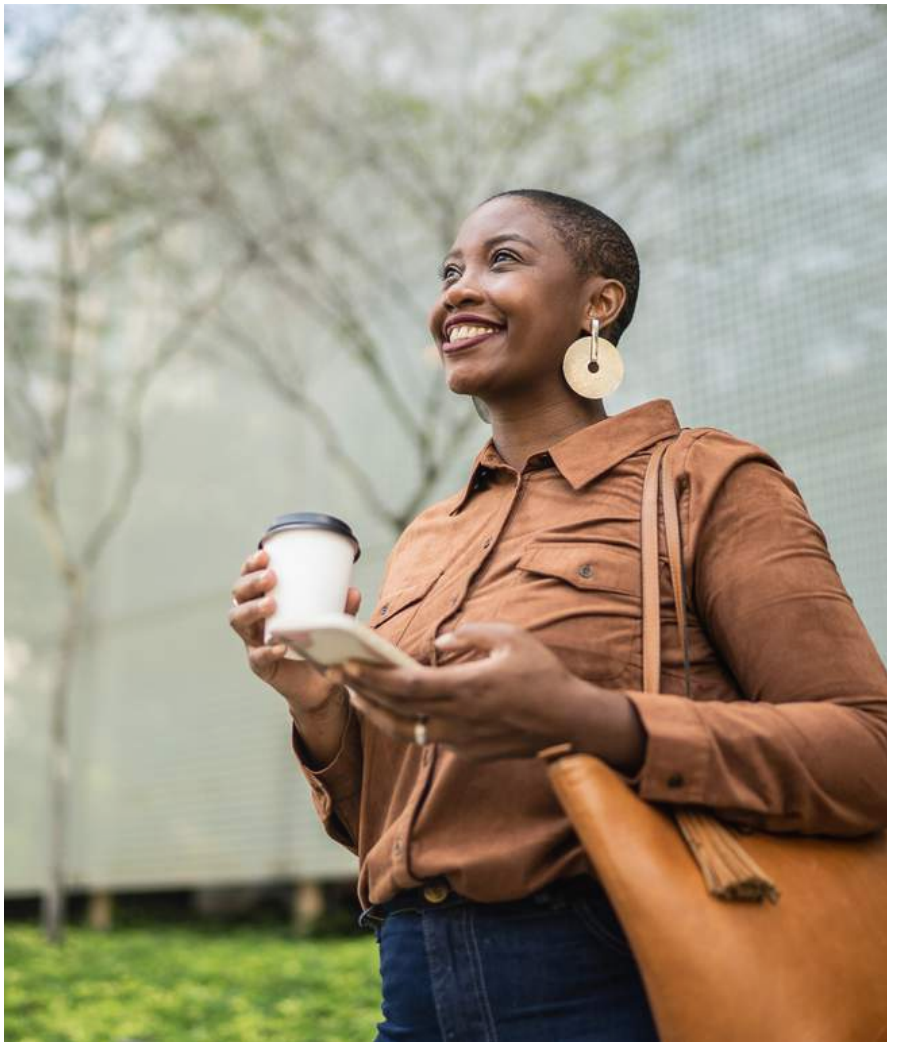
WORK WITH FINANCE EXPERTS

As accountants, we can use our expertise to draw up a cost-effective strategy that helps you achieve your goals and strengthens your personal finances. We can also offer specialist personal tax advice on how to minimise your tax bill so you can retain more of your hard-earned income.

If your circumstances change or new legislation affects your strategy, we'll help adjust your budget and tax plan accordingly to give you the best chance of success.

With our expertise by your side, you'll be able to navigate 2024 with confidence and build a stronger, more secure financial future.

Get in touch to discuss your personal financial strategy for 2024.



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