

Corbett Road

# In The Media



A pedestrian walks past a grocery store window showing advertisements in Queens, New York, the United States on December. 23, 2022. The U.S. personal consumption expenditures PCE price index in November grew 0.1 percent month on month, lower than 0.2 percent of market expectations and 0.4 percent in the previous month, according to data issued by the U.S. Department of Commerce on Friday morning. (Photo by Ziyu Julian Zhu/Xinhua via Getty Images) XINHUA NEWS AGENCY VIA GETTY IMAGES

## How To Make Your Money Go Farther In 2023

— By Robert Farrington | December 28, 2022

There are about a million reasons to want your money to go farther in 2023. Maybe the high inflation throughout 2022 has you feeling like you're paying more for less, or perhaps you took a pay cut that made you feel financially squeezed.

Maybe you're getting a year-end bonus and you want to make sure it's not frittered away on "stuff" that won't actually help you build wealth. And, let's not forget that this year's stock market performance is making everyone's net worth drop like a rock.

Whatever your reason, it's always smart to look ahead to a new year with the goal of doing better if you can. But, what are the best ways to make your money go further when it feels like everything at the store costs more each time you go? I reached out to various financial advisors and experts to get some fresh insights, and here's what they said.

### Ditch High-Interest Credit Card Debt

Rising interest rates were a good thing for savers throughout all of 2022, but they had the opposite effect on households that carry long-term credit card debt. In fact, the average credit card interest rate increased from 18.10% in September of 2022 to 19.55% by December of 2022, according to [Bankrate](#).

If you have this type of debt, paying it off can help you save money on interest and free up cash flow for other expenses you have. While you can pay off debt the old-fashioned way, [savings expert Andrea Woroch](#) says you can save on interest and pay down debt faster with a balance transfer credit card.

"This is a great time to transfer your balance to a 0% balance transfer card to avoid paying interest for up to 21 months based on the card's promotional offer," she says.

If you go this route, just remember that you'll be on the hook for upfront balance transfer fees that usually equal 3% or 5% of the transferred debt amount.

## **Start Budgeting**

Maybe you earned a nice income in 2022, but you wrapped up the year without really knowing where your money went. In that case, financial planner Tania C. Foster of [PlanTrust Wealth Management](#) says it may be time to begin tracking your spending and using a monthly budget that determines where your money goes each month.

Not only is budgeting the most effective way to understand how to stretch your money further, but Foster says it allows you to understand what you have coming in and going out. This helps you find areas where you can immediately reduce expenses.

If you don't know where to start, you should know that there are many [different budgeting tactics](#) available. While you can always try a simple pen and paper budget, you can also look into free budgeting software like [Mint](#) or paid budgeting software like [YNAB.com](#) (You Need a Budget).

## **Automate Your Savings**

If you had trouble saving and investing as much as you wanted in 2022, the new year is a good time to change that for good. Financial advisor Mike Hunsberger of [Next Mission Financial Planning](#) says "paying yourself first" is often the best solution to this problem.

Ultimately, this means putting money into savings or investment accounts first versus waiting until the end of the month and seeing what you have left.

"As time goes on, you won't even miss this money because it's not money you think you can spend," he says.

You'll definitely want to make the process automatic by setting up regular transfers to your savings and investment accounts on whatever days of the month make the most sense.

"Making saving and investing automatic and not something you need to decide on every month will go a long way to getting you on track to build lasting wealth."

## **Invest In Yourself**

Most of us hear a lot about investing in the stock market, but what about investing in yourself? Financial advisor Dan Cronin of [Lifestyle Wealth Management](#) says it may be wise to consider certain types of self-improvement in 2023 since investing in your education and enhancing your skills can pay off in spades.

By investing in yourself and education, you'll acquire new skills, he says. You could then increase your earning potential and improve your financial situation.

What steps should you take to invest in yourself in 2023? According to Cronin, this might involve taking online courses or classes or earning additional certifications in and outside your field. You can also focus on learning new skills that are in demand.

### **Take Steps to Improve Your Credit**

If you have had a few credit mishaps over the last few years and your credit score is not as good as it should be, the new year is a good time to turn things around. After all, having good credit can mean paying lower interest rates and fewer fees any time you borrow money, and it can help you qualify for lower car insurance premiums, too.

Accredited financial counselor Lauren Bringle of [Self Financial](#) says you can focus on credit by using credit-building tools such as a [credit-builder loan](#). Another option is a secured credit card that lets you build credit through responsible use.

Bringle says you can also build credit with bills you already pay such as your rent payment and streaming services. For example, Experian Boost is a free service that lets you get credit for most of the bills you pay on your credit report from Experian.

### **Increase Contributions to Retirement Accounts**

Financial planner David Edmisten of [Next Phase Financial Planning](#) says his top tip for maximizing income in 2023 involves taking advantage of increases on income limits and contribution amounts for tax-advantaged retirement accounts like 401(k) plans and traditional and [Roth IRAs](#).

The advisor points out that contribution limits for 401(k) and similar workplace retirement savings plans are increasing to \$22,500 in 2023 from \$20,500 in 2022. Meanwhile, IRA contribution limits increase to \$6,500 in 2023, which is up from \$6,000 in 2022.

Edmisten adds that the income ranges for making [eligible contributions to IRA accounts are also increasing for 2023](#).

"So, not only are the amounts you can contribute higher in 2023, but you can earn a larger amount of income and still potentially be eligible to contribute," he said.

Edmisten also points out that workers ages 50 and older should also be aware of additional catch-up contributions amounts available to them.

## Find Ways to Lower Your Bills

Finally, financial planner Kayla Johnson of [Corbett Road Wealth Management](#) says the new year is the perfect time to reduce how much you're paying on some of your bills. You may even be able to cut some bills completely, including monthly subscriptions you've been paying for but no longer use.

There are also some bills you don't normally think about that you can price shop and potentially reduce. For example, Johnson points out that people think about their cell phone plan and subscriptions, but property and casualty insurance is an often overlooked place to start.

In other words, you should look for bills to cut but also try to reduce premiums and monthly charges for regular expenses you plan to keep.

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Robert Farrington is a personal finance expert that focuses on helping millennials get out of student loan debt and start investing for their future. He also help parents make smart choices about college financing options and navigating the complex world of paying for school. He started The College Investor in 2009 as a forum to discuss the myriad of financial issues facing young adults. He majored in Political Science at UC San Diego, and received his MBA from the Rady Scholl of Management at UC San Diego. To learn more about him, go to [TheCollegeInvestor.com](http://TheCollegeInvestor.com).