

ADPACHIEVE

Newsletter

Spring 2024



→ Conquer your financial fears

Financial anxiety is a feeling of worry about your money situation. It's the dread of checking your bank account balances and seeing your monthly bills arrive.

Several things can cause financial stress, including inflation, the uncertain economy, your job situation, and having too much debt.

To overcome financial anxiety, you will need to take action. This can include talking to someone about your situation, reviewing your finances, including writing down your daily and monthly expenses and any outstanding debt, and creating a written financial plan and sticking to it.

Creating a financial plan is one way to cope with money matters. Here are 8 steps to make a financial plan.¹

- 1. Define your goals:** List realistic short- and long-term goals and their associated costs, if applicable. Try using the [Goal Tracker](#) to capture your goals.
- 2. Establish budgets:** Understand your monthly cash flow and how much you spend on necessary and non-essential items, including rent, food, entertainment, etc. Track how you spend and save money with ADP's [Budgeting Worksheet](#).
- 3. Save for retirement:** It's vital to focus on saving for your future. Contributing as much as you can and as early as possible will help you benefit from compounding earnings and interest in your retirement plan account.
- 4. Create an estate plan:** This will outline how you want your money and possessions handled and who will be responsible for them after your death.
- 5. Manage your debts:** Credit card and loan payments can eat away at your savings potential. Developing a plan to reduce and pay off debt will help free up cash flow.
- 6. Prepare for emergencies:** Establishing either an emergency fund or a rainy-day fund allows you to save for unexpected costs and any large planned costs.
- 7. Plan for taxes:** As part of your financial plan, you should understand your current tax situation and the potential consequences associated with distributions you may take in retirement.
- 8. Invest for the long-term:** Be sure your investments are aligned with your goals. ADP's [Personal Investor Profile](#) can help you identify your comfort level with investing and risk and to determine what type of investor you might be. Be sure to review investments you might have, both inside and outside of your retirement plan.

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