

Preview Copy for Blog Posts: The new year may bring about uncertainty when it comes to the financial future, but these financial planning tips can help you be better prepared for any storm that comes.

Financial Planning Tips for 2022: How to Prepare for the Year Ahead

Whether you watched the ball drop at midnight or were fast asleep in your bed, the calendar finally made it to 2022. On the heels of the history-making 2020 and the ongoing pandemic concerns in 2021, 2022 brings its own share of uncertainty. In fact, more than half of Americans say they are concerned about what might happen in 2022. And while some of those fears may be pandemic related, much of the breath-holding revolves around the financial sector. Keep reading to learn more about what 2022 might have in store for your personal finances and to get some financial planning tips that will help you be prepared.

Financial Planning for 2022

2022 brings an uncertain future, but that doesn't mean you can't take steps to protect and improve your financial future. Understanding what financial challenges this year might have in store can ensure that you're prepared with a realistic mindset and specific action steps that keep you on the path to achieving your financial goals. Below, we've covered some of the most common financial concerns going into 2022.

Inflation Rising

Many people have already noted that the price of groceries and other goods has been rising since the pandemic began, and there are concerns that inflation could continue to rise as we go through 2022. The overall cost of goods increased by [6.8%](#) from November 2020 to November 2021. But energy costs are seeing the largest changes, with inflation rates coming in at more than 33% from that same time period.

With inflation rates increasing the cost of goods and ongoing supply chain issues making those goods more difficult to access, it's normal to be worried about what inflation may mean for your budget in 2022.

Tax Debate Shifting

2022 may also bring some significant changes to taxes. One example of this was the child tax credit being partially refunded in advance through the monthly payments that ran from July to December in 2021. While those payments were suspended as of January 2022, they are still

being proposed as a possibly permanent option at some point. Other changes to taxes for 2022 include increased standard deductions, changes to marginal tax rates, and changes to how itemized deductions are handled.

Post COVID-19

While the world is still dealing with concerns about vaccination rates and new COVID-19 variants, a post-pandemic America is starting to rise, and many people are concerned about what that might bring. You may already be dealing with a lighter emergency fund or lower credit score as we come out of the height of the pandemic. Interest rates, including mortgage rates, are also expected to continue their rise since they [bottomed out](#) in 2020-2021.

This is only a basic overview of just a few financial changes that could come – or already in progress – in 2022. If you have specific concerns or questions about your accounts may be affected, it's important to talk to a wealth advisor.

Plan for Success in 2022

So, those are just some of the things that the financial sector is preparing for in the year 2022. Now that you know what might be coming, you're ready to take action. Implement these financial planning tips to help you navigate the year ahead.

Get Started With First Steps

The first step in any plan is to know where you're going and where you're starting. The same is true when it comes to finances. Get started by spending some time thinking about what your financial goals are for the year. Some of the questions you might ask yourself may include:

- What is my highest priority financially?
- What do I want my retirement to look like?
- What legacy do I want to leave behind?
- What goals from 2021 did I not achieve that I want to carry forward into 2022?
- How can I balance protecting my financial health and the other areas of my life?

Max Out Your Retirement Plan Contribution

You already know that compound interest is king when it comes to investments, and that's why maxing out your retirement plan contributions is one strategy you should consider going into 2022. Contributing to your retirement account with pretax dollars helps you get a little more for your money, and many employers have 401(k) matching programs that can get your account balance moving upward even faster.

Review and Adjust Your Budget

The new year is a good time to take a look at your budget and make sure it's still serving your needs and corresponds with your future goals. Make sure that your income is still correct and that your budget categories are still accurate. For example, if you were saving for a beach vacation last year but this year you're focusing on paying down debt, your categories may need some tweaking.

If you're using a budgeting program that syncs with your bank account, take the time to ensure everything is working properly and that your expenses are getting categorized properly when they are imported. Otherwise, this is a good time to go through your checking account statements for the past couple of months and make sure you don't need to adjust anything, such as increasing your food budget to keep up with rising costs.

Think About Your Healthcare Costs

Healthcare is something that a lot of us don't think about until we actually need it, but it's an important line item for your budget. Your expected healthcare costs depend on many factors, including:

- Your age
- Your current health status, such as if you have any chronic conditions
- Health insurance coverage

When you're determining how much you need to set aside for healthcare, it's important to consider your policy premiums, deductible, copays and out-of-pocket maximum. You can also expect that your healthcare will cost more the older you are. If you qualify for Medicare, this can take care of some costs, but there are still copays you may need to be prepared for. Some people prefer to have multiple bank accounts, with one dedicated to savings just for your part of healthcare costs.

Mentally Prepare for Tides to Shift

There have been a lot of changes to, well, just about everything in the past two years. And while some things may be stabilizing as we head into 2022, the old saying, "The only constant of change" still applies. You can prepare for whatever 2022 brings by accepting that there's no predicting the future and that things are almost guaranteed to change.

For example, federal student loan forgiveness is still on the table as a possibility in the maybe-not-so-distant future, which could make a big difference in many people's financial health. If you're concerned about how some changes may impact your investments and quality of life, talking with a wealth advisor can help you feel more informed and help you decide if you need to make any changes to your financial plan.

Meet With a Wealth Manager to Go Over Your Plan

We've already mentioned talking to a wealth manager a couple of times, and for good reason. Even if you consider yourself financially savvy, it's still important to have a professional look over your financial plan, including any debts, investment accounts, life insurance needs and your retirement goals. A financial advisor can help relieve anxieties you have about your future, give you advice on future investments and make tweaks to your plan to ensure you're prepared for your best financial life.

How Can [CLIENT] Help?

At [CLIENT], we know that your financial future is important. Our team has the experience you need to ensure that your personal finances are in the best shape you can be. We can help guide you through making initial investments or making changes that reflect how you want to handle your finances in 2022.

Being proactive about your personal finances can help you feel more secure and confident in your investments and financial future. And it can also help you better weather the ups and downs that may come with 2022. If you're reading to learn more, contact [CLIENT] to help guide you.