

20/20 Vision

We are but a few days into 2021. But the question is, financially, do you have 20/20 vision? Contrary to popular belief a person with 20/20 vision does not have perfect sight, but what they do have is visual acuity. Visual acuity means that you see things with sharpness and clarity. It means you can see things at least 20 feet away.

The financial hardships experienced in the year 2020 have left an indelible impression providing greater clarity and sharpness, motivating us towards responsible financial stewardship in the year 2021. If after the year 2020, your financial acuity has remained the same, I suggest you check your prescription!

Now that the financial wreckage or carnage from the year 2020 has been laid bare before us, where do we begin? In this blog we begin with being honest in our reality assessments. According to the Board of Governors of the Federal Reserve System survey in 2019, the median White family wealth was \$188,200.00. Conversely, the median Black and Hispanic family wealth was \$24,100 or less than 15% of White families. If you're going to improve financially in 2021 the following two action items are non-elective starting points.

PERSONAL WORTH

The terms income and wealth are used interchangeably but they actually mean quite different things. A person could be living on a fixed monthly earned social security income of \$1,200.00, while dwelling in their home valued at \$700,000.00. We consider that person low income. But if that's all they have and no debt, they could be considered wealthy or have a high net worth.

In order to measure your progress towards your goals this year, the following exercise must be completed. List all your assets like money in the bank, investment accounts, your car, market value of your home, insurance policy, furniture and other assets. Then list your liabilities such as mortgages, car note, credit card balances and student loans. Subtract your liabilities from your assets and determine your net worth. If you don't know your personal worth you can't know your personal growth!

BUDGET

It does not matter if you had one last year and didn't stick to it. It doesn't matter if you've never had one or you have one in your head. Take the time this week to create one for the year 2021. If you already have one, take the time to review and revise. There's always a way to improve on what you already have working for you. Show your budget some love and have enjoyable spending incorporated along with your priorities.

With your budgeting process remember Rome was not built in a day, but it was built. Therefore, attack your budget goals section by section or area by area and not all at once. Don't think of your budget as cutting your spending only. It may also reveal areas in which you should earn more income and growth. And for heaven's sake, don't make budgeting a hassle when there are apps available to help you better manage your finances in today's economy. This is another action item for you to complete this week or this month. Don't fudge it-budget!

NEW ADMINISTRATION

Finally, there is a new administration coming to Washington in a few days. While Presidents do not make or break an economy by themselves, they do have an impact. The top three United States Presidents from a stock market return perspective are Calvin Coolidge 1923-1929 with a market performance of 26.1% per year; Bill Clinton 1993-2001 with a market performance of 15.2% per year and Barack Obama 2009-2017 with a market performance of 13.8% per year. This year, as you grow in your finances pay attention to the financial changes ahead. They are coming!