Financial advice for the new year

By Abbey McDonald
Coast River Business Journal

Sarah Lambert is the owner of Evolution Business Financial Coaching in Astoria.

Sarah Lambert is a bookkeeper and the owner of Evolution Business Financial Coaching in Astoria. Coast River Business Journal spoke with Lambert about her advice for business owners and people hoping to get the most out of their budget as the new year begins.

Her responses have been edited for brevity and clarity.

Q: What common questions do you get from people?

A: I think the biggest thing that people come to me for help with is budgeting and figuring out how to make their money go further. When people start a business there's no instruction manual on how to do it, especially when it comes to finances. So people really don't understand how to read financial statements, and they also don't understand how money works in a business, such as what you can get for tax deductions, all that kind of stuff.

Q: With budgeting, what are some things people should prioritize, especially at the beginning of a new year?

A: The first thing you should do is come up with a goal. Whether that's with your business or personally, it's hard to budget if you don't really have a reason why you're budgeting. The goal might be to make your business more profitable, or the goal might be to purchase a new computer or go on vacation. It can be anything, but it really helps motivate you to stick to your budget.

So if you have to cut back on your daily cup of coffee, or cut back on some apps for your phone so that you can reach your goal, it's a lot easier when you're picturing that goal in your head and thinking 'OK, if I don't get this one cup of coffee, it's one step closer to that vacation I want.'

Q: Speaking of cups of coffee, what are your suggestions for small-scale things people can do?

A: What I noticed from a lot of people is they sign up for apps online. It can be little things that are like $1.99 a month up to a bigger $99 a month kind of thing, and then it turns out they're not using them. So even just going through a month's bank statement and looking over your credit card and looking at all the expenses and thinking, 'Am I actually using that?' And even if it's only a couple dollars, those can definitely add up and turn into $100 really quickly and easily.

Q: Do you have any advice for young people who might be getting out of high school or college, or going straight into a trade job?

A: It's easy to just go buy all the things and spend your money and not really think about planning for the future. And I think a lot of people in their 30s, 40s even into their 50s realize, 'Oh, I really should have started thinking about retirement, or thinking about saving money to purchase a house or purchase a car' or any of those kinds of stuff.

I know for a lot of people retirement seems really far away when you're 20. But even just saving, not necessarily even in a retirement plan, just saving a little bit each month for something down the road can make a huge difference.

Q: What about for adults?

A: Once people buy a house, or if they have kids, it gets a little bit easier to budget because you have this thing now that you have to save money for. But by then it's also kind of getting into these habits of buying your coffee every day, treating yourself to all of these things. So just making sure that all the things that you're buying are what you really need. And if you have big goals, whether house, kids, vacations, even buying a computer, any of that kind of stuff will help you with those goals.

Q: And for people nearing retirement?

A: I think it kind of depends on if you're a business owner or if you're in the workforce. If you're getting close to retirement and you haven't even thought about saving for it, then definitely get on that and do something about that. If you're a business owner, it's time to start thinking about how you can sell your business and to make as much money as you can off it so that you can comfortably retire. And I always suggest talking to a financial planner and thinking about how much it's going to actually cost you each month once you're retired, and how much money you really need before you can retire.

Q: Is there anything else you'd like to add?

A: I think the biggest thing that I try to tell my clients and people who are looking for help with finances is that budgeting is huge, but also just thinking about your goals. You're gonna have to change some of your habits to get to your goals.