

Financially Savvy at Six Figures

Reaching six figures is no easy feat. If you're one of the hard-working few who have made it to this milestone, give yourself a pat on the back and celebrate. It can be tempting to feel like now that you've made it to the top of this mountain your financial worries are over. But before you go reaching for a bottle of champagne or calling a Ferrari dealer, consider this: the majority of Americans living paycheck to paycheck are from higher income households. In fact, out of 9 million Americans surveyed, 8 million of those are in higher income brackets.¹

Now it's more important than ever to take an active role in managing your money. Don't equate earning six-figures with the ability to spend six-figures. Fortunately, there are several strategies that may help:

Steps to Take

There is no one-size-fits-all strategy for maximizing your new six-figure income. Every person is different, and some suggestions may mean more to you than others. But there are tried-and-true methods that can help point you in the right direction when it comes to your financial health.

Review Your Budget

Now that you are making six figures, you may be tempted to never look at your budget again. Resist this temptation and go back over your budget to make sure your spending is based on your overall approach. Feel free to adjust your line items to match any new priorities without going overboard. Careful preparation may help you know how much you can consider spending on that splurge item that you found online. Your renewed budget should be designed to follow your other new goals, knowing that your day-to-day matters are on firm footing.²

Target Unproductive Debt

Not all debt is bad, as much of it helps you both financially and in terms of your quality of life. But certain types of debt, like credit cards and personal loans, may be something you want to manage better. Set a goal for your unproductive debt, which may put you in a better overall financial position. Each penny you save can go toward other goals, such as vacations, travel or even retirement.

Build Your Emergency Fund

Life is full of the unexpected. Prepare by setting aside enough liquid money to cover three to six months of expenses. This reserve may help you manage through a job loss or an injury or illness that requires time to heal.

Don't Forget About Taxes

Now that you've entered a new income bracket, your tax obligations may have changed. Take time to review your tax situation in an effort to avoid year-end surprises. This article is for informational purposes only and is not a replacement for real-life advice, so be sure to consult a tax, accounting, or human resource professional before modifying your tax-withholding strategy.

Don't Forget Your Retirement Plans

If you haven't started planning for retirement, your new income level may allow you to start setting aside money using a company-sponsored retirement plan. Initially, a financial professional may be able to provide guidance concerning the role a retirement plan can play in your overall financial strategy.

Move Forward Confidently

Restructuring your budget, managing debt, creating an emergency fund, and beginning to consider retirement may help ensure a more comfortable financial future. Even at a six-figure income, proactive preparations can help position you such that your money will eventually work for you.

1. Pymnts.com, January 2023
2. Forbes.com, March 29, 2022

The content is developed from sources believed to be providing accurate information. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation. This material was developed and produced by FMG Suite to provide information on a topic that may be of interest. FMG, LLC, is not affiliated with the named broker-dealer, state- or SEC-registered investment advisory firm. The opinions expressed and material provided are for general information, and should not be considered a solicitation for the purchase or sale of any security. Copyright FMG Suite.