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Bonus checks will begin arriving during the next few weeks for millions of corporate executives and managers countrywide. While most people have anticipated this cash windfall, too many don't have a clear plan on how to best save, invest and spend this money. And, unfortunately, some will choose to make a large purchase that may provide some short-term pleasure, but will eat away at their long-term financial health.

Let's start by remembering that your bonus is a reward, so don't be afraid to spend a portion of it on something – or someone – that brings you joy and happiness. But it's also important to allocate a thoughtful portion of this money to meet short- and long-term financial goals.

While everyone has different goals, almost all corporate executives desire to be financially independent and able to support their lifestyle throughout their retirement years. As a rule of thumb, for every \$1 million of investments in your nest egg, you can expect to withdraw an estimated \$40,000 per year, before taxes, for 30 years. Your investment portfolio, plus Social Security and – if you're lucky – pension income, are the key elements for a financially independent retirement.

With financial independence as the end goal, here are six recommendations on how to best allocate your bonus check:

Set Aside Enough Money for Taxes. While most companies withhold taxes from bonus checks, others don't and many don't withhold enough. In addition, many executives may have exercised stock options or had other payouts during the year. If sufficient taxes weren't deducted from these transactions, you'll need to cover this amount with part of your bonus.

Replenish Your Emergency Fund. Set aside a few thousand dollars to cover unforeseen major expenses, ranging from car repairs, a new roof or even pet surgeries. A good rule of thumb is to have three to six months of living expenses set aside. Also, if you don't have a home equity line of credit, get one. It can help provide short-term funds to cover any major expense not covered by your emergency fund.

Pay Down Debt. Knock off a chunk of high-interest rate credit card debt and amounts owed on home equity lines of credit, especially if any new debt was incurred to pay for holiday expenses. Interest charges alone can eat up hundreds of dollars each month, sucking money out of your paycheck and leaving less funds for essential expenses.

Map Out Projected Expenses for Major Items. Begin allocating enough money for 2020's big-ticket expenses, such as property taxes, home improvement projects and vacation plans. You don't want to get in a cycle of borrowing to pay for these expenses.

Know Your Number for Financial Independence. Most people have a retirement objective: They want to retire with \$1 million, \$5 million or more. Once you know this number, take advantage of your bonuses to help attain that goal.

Keep in mind that your annual savings goal includes any amount you've contributed to a 401(k) plan. For example, if you contribute \$19,500 to a 401(k) plan - the maximum amount allowed in 2020-- and you want to save a total of \$40,000 each year, you'll need to invest \$20,500 elsewhere. It's important to also explore investment options outside of the 401(k) - whether it's an IRA, Roth IRA or a taxable investment account. In some cases, there may be an opportunity to contribute to a Roth IRA, which has tax-free growth.

Fund Your Children's College Education. As tuition costs climb, saving early by starting or contributing to a 529 college education savings plan is one of the most important decisions any parent can make. A 529 plan is a college savings account that's exempt from taxes.

Many states also offer tax benefits for those contributing to 529 plans. For example, beginning in 2020, married Georgia residents can contribute up to \$8,000 per beneficiary (double the amount from 2019) to Georgia's 529 plan and receive a state income tax deduction.

Making good use of your bonus can be an integral part of achieving your goals. Since they typically only come once or twice a year, it's paramount to develop a solid strategy on how to spend and invest it. Being intentional with your bonus may not only put you on a path to be diligent in saving and investing throughout the year, but also provide the answers for how to invest future bonuses and set you up down the road for financial independence.

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