Resolved: No Resolutions; Good Habits Instead

**New Year’s resolutions are noble-minded, but they have a lot going against them:** They tend to be too broad, devoid of solid implementation, and too negative—focused on who you aren’t rather than who you are but would like to make better.

**Why Habits, Not Resolutions**
New-year resolutions probably won’t work out well; if surveys are correct, the failure rate for those who make them may be above 80%! Instead, say many behavioral scientists, put your energy into building good habits. Habits may take some time to fold into your routine, but they ultimately become part of your life, strengthened by repetition. And if they’re good habits, they carry the seeds of their own rewards—although an occasional celebration for a job well done can be a great reinforcer.

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**EIGHT INVESTMENT HABITS WORTH DEVELOPING**

| **HAVE A PLAN** | Set out your short- and long-term goals, your needs and wants, with priority to the latter, and a timeline for achieving them. Be diligent that plan regular; at least once a year, your objectives are likely to change over time. |
| **STAY INVESTED** | If you missed out on the best days of the S&P 500 out of roughly the last 30 years, you’d have cut your wealth in half—and in half again if you missed the best 25 days. Yes, you’d have done great, but it’s a losing game to try to time the market. And don’t check your portfolio day in and day out: It will fluctuate in value—but it’s long-term growth that counts. |
| **FEED YOUR PORTFOLIO THROUGH THE YEARS** | Don’t check your portfolio day in and day out; it will fluctuate in value. But it’s long-term growth that counts. |
| **KEEP YOUR PORTFOLIO DIVERSIFIED** | Start planning for retirement early. In fact, it’s never too early to begin investing. It’s never too early, and you don’t want to keep a regular stream of income and enough cash to get you through at least six months. |
| **“AUTOMATE” WHAT YOU CAN** | Be aware of tax-limiting strategies all year, not only at year-end. According to Morningstar fund evaluators, U.S.-stock funds on average gave up two percentage points of annual return to taxes over the past three years. That’s a tolling off that magnitude would erode lots of wealth. |
| **MANAGE YOUR MONEY WITH TAXES IN MIND** | Start planning for retirement early. Don’t sell all your stocks, or don’t sell all your mutual funds. Instead, gradually sell those that contribute regularly to one or the other and be strategic with planning. |
| **SEEK PROFESSIONAL ADVICE** | Some investors—but not many—can handle all the above (and more) by themselves. For most, though, having investment experts on their side is a powerful benefit. |

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*Source: U.S. News & World Report
**Source: People’s United Advisors
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