The New Year's resolutions every investor should make

Want to get better with your money next year? Here are eight things to consider.

With a new year—indeed, a new decade—on the horizon, it's the perfect time for investors to take stock of their financial habits and consider what positive changes they can make. You can think of it as your regular investment tune-up. Here are eight investing resolutions you can work toward in 2020.

Don't leave money on the table

We all get busy with day-to-day deadlines, which can make it difficult to find time for the simple yet niggly tasks that can save us money. This year, make a point to call your internet, mobile, home phone service provider, and car and home insurance companies to see if you can get a better deal; they will often provide discounts to those who ask so they can keep your business. Submit or follow up on any outstanding health or dental insurance claims. Be sure to claim all the applicable tax deductions and tax credits on your income tax return. Review your bank statements in detail to see if you have any recurring subscriptions you may need (or want) to cancel. All of these things can add up to a sizable chunk of money, which you can then put toward your investments.

Make the most of registered accounts

If you have the ability to max out the contribution room in your Registered Retirement Savings Plan (RRSP), and don't have high interest debt to pay down, transfer a little more from each paycheque into the account. The added savings will not only provide you with a more comfortable retirement down the road, but will also save you money on income tax right away by reducing your taxable income.

Similarly, if you aren't already investing in a Tax Free Savings Account, make 2020 the year to start. You will pay no tax on your investment earnings and all withdrawals are completely tax free. Finally, if you have children or grandchildren, contributions to a Registered Education Savings Plan will help pay for their post-secondary education or training, and will also qualify them for free money from the government in the form of Canada Education Savings Grants.

It's important to note that these contributions don't have to be from new investment funds. You can also move funds from your taxable account into a tax-deferred vehicle right away, rather than waiting, such as into the account types mentioned above. It will be a taxable event if you withdraw from your taxable account, so make sure to speak with your advisor to decide what is best for you.

Reassess your risk profile

Check in on your time horizon, risk tolerance, and investment objectives to ensure the assets you own are continuing to meet your objectives and goals. As well, if you're losing sleep over a potential global economic slowdown, then your willingness to take on risk may need investigation to reassess your investment allocation. Appropriate risk levels can change depending on life circumstances and personal comfort level, so now's a good time to review if you're still happy with your current risk level.

Get a better handle on your assets

Now is also a good time to understand more about where your money is held and how it's being invested. In many cases, people aren't sure which accounts their cash is in, or if they're in the right securities for their risk tolerance level. Sit down with your advisor and ask them to review your portfolio with you. The more you understand how you're saving, the better chance you'll have of growing those dollars in the future.

Tune out the market reports

It may sound counterintuitive that paying less attention to something can help you, but it's true. Too many people are swayed by emotion when it comes to market volatility, which makes them buy or sell investments at the wrong times, which could curtail returns. If you have the right asset mix for your needs, you can trust that your long-term investments have the time to weather the ups and downs of the market, while the funds that you may need to use in the near future are protected from that level of risk.

Create or review your estate plan

You've put so much time and effort into building up your investments, but without an estate plan, those assets may not go to the people you care about the most. And even if they do, it might not be on a timely basis—which can be a huge challenge to bequeath to your loved ones. Hopefully you will be around family this holiday season, so why not take this opportunity to discuss the options of protecting your investments and your heirs by making time for estate planning this year.

Set up monthly contributions to save regularly in the new year

There are two main benefits for setting up regular contributions. First, you are more likely to save. Rather than waiting until the end of the year and finding you have spent your disposable income, you have already "paid yourself first" and invested. Secondly, when you contribute regularly throughout the year, you are doing what's called "dollar cost averaging." This is a strategy where you divide up the total amount to be invested across periodic purchases, thereby reducing the impact of market volatility on the overall purchase. The purchases occur regardless of the asset's price and at regular intervals, which also removes any perilous attempt of trying to time the market.

Check up on fees

Are you comfortable with how much you are paying for your investments and advice? Part of investing is paying for a service. In order to justify if a service is appropriate, the advisor must first clarify exactly how they are being compensated for the services they're providing. It's important to point out we're not talking about normal price fluctuations or the inherent unpredictability that can come with investing, rather, what is the upfront price you pay for your investment management.

Just like any New Year's resolutions, financial resolutions can be tough to keep. But the better you are at doing so, the more money you'll have to save. Checking in with your finances can help you stay on track in January—and beyond.

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