



Your Ultimate New Year Financial Checklist

Checklists make life easier. Research has demonstrated the value of checklists in all industries from medicine to construction. Often our financial to-do lists are scattered tasks we think about often but struggle to complete due to the multiple steps involved. Most of us start the year with hope that this year will be different. How much easier could tackling these tasks be if we had a checklist to follow?

Paying regular attention to these 12 items can change the course of your financial life. If you don't have the time, a good financial planner can help you do it right.

1

Record Financial Goals or Positive Habits.

- ◆ Doesn't matter if you record in smartphone app or on paper.
- ◆ Helps to hold yourself accountable.
- ◆ Allows you to go back and look at your progress at the end of the year.
- ◆ Examples include: a house update, trips, retirement dates, or new hobbies.
- ◆ If you were to look back on it, would you be happy with what you've done?
- ◆ Check with a financial planner to see what your plans look like over the long term.
- ◆ If someone knows you're trying to achieve a goal, they'll hold you accountable.

2

Check Your Estate Documents, Will, and Retirement Account Beneficiaries.

- ◆ Get your estate documents put in place if they're not.
- ◆ Confirm who the guardian is listed for your children.
- ◆ Make sure the primary and contingent beneficiaries on all of your accounts are who you want them to be.
- ◆ Let someone else know where your estate documents are.
- ◆ A fire-proof safe is a great option.

3

Set Up an Income and Expense Tracking Tool.

- ◆ People often don't do this because life is busy.
- ◆ Before retirement, often people's spending levels are dangerous.
- ◆ Part of this is because there's no awareness of what they're spending, relative to their income.
- ◆ If you don't have a tracking system, it could be catastrophic for your long-term picture.
- ◆ People are always shocked at where the money is going.
- ◆ Our Cash Flow Tool in the FSI Client Center or www.mint.com

4

Know and Assure Emergency Savings/ Money is Adequate.

- ◆ You need to have access to a certain amount of emergency money – could be 3, 6, or 12 months.
- ◆ Access could be a home equity line of credit that's not being used, a brokerage account, Roth IRA and more.
- ◆ This should only be for a true emergency.
- ◆ If you're working for a large corporation in your 50's, this is important. You could be on the chopping block before you're ready.

5

The Matching Game – Company Matching Contributions.

- ◆ Many people don't know if they are getting their full company match.
- ◆ Bumping your savings rate an extra 1-2% every year forces you to save more.
- ◆ Over the long term this makes a huge impact.
- ◆ If you started saving at age 21 and increased that 1% per year: You'd end up with 25% more dollars overall with a 6% annual rate of return.

6

Review Your Investment Strategy.

- ◆ It's hard to consolidate and see how everything works together.
- ◆ What is your asset allocation? Has anything changed in last year that affects that mix?
- ◆ If you're not sure of your investment strategy, you should speak with a planner.
- ◆ Consider selling the winners and buying the losers. Mean reversion exists!
- ◆ You should be looking at your overall portfolio at least once a year.
- ◆ As you get older, the results of your investments are going to matter a lot more than how much you save.



7

Make Sure You're Maximizing Tax Efficiency by Using the Accounts Available to You.

- ◆ Utilize these accounts in addition to your company retirement plan: Roth IRA, HSA, or Traditional IRA.
- ◆ Make sure you understand the structure of each.
- ◆ If you didn't do this for 2020, it's not too late, you have until April 15th.
- ◆ Making a Roth IRA vs. a Traditional IRA contribution depends on your tax bracket.
- ◆ Basically, if your tax rates could be higher in the future, tax-free money in a Roth IRA may be attractive.
- ◆ If you're in a higher tax bracket now than expected in the future, you can utilize a Traditional IRA.
- ◆ HSA is likely to be a good option for all of us considering projected health expenses in retirement goal, will hold you accountable.

8

Pay Down Expensive, High Interest Rate Debt.

- ◆ Could be credit cards you don't pay off every month or other expensive debt.
- ◆ Some clients hold high cash balances in the bank account with a lot of debt.
- ◆ Analyze how much you need to have in the bank or if you should pay off the debt.

9

Order Your Free Credit Report.

- ◆ Order here: www.annualcreditreport.com
- ◆ Use CreditKarma
- ◆ It's a good idea to make sure you understand the credit accounts you have open.
- ◆ You need to ensure that no one is opening a card under your name.

10

Review Your Overall Insurance Policies.

- ◆ Life Insurance – Do you have enough, do you need more?
- ◆ Disability Insurance – You need enough if you're the primary breadwinner.
- ◆ Auto Policy - Is your deductible the right amount?
- ◆ Home Insurance – Make sure renovations, additions, etc. are included.
- ◆ Umbrella Insurance – For liability insurance, mostly for high net worth.
- ◆ Shop around for good options, use JD Power or Consumer Reports.

11

Show Me the Money!

- ◆ Understanding where all your money is in your different accounts.
- ◆ Many people know they're saving, but they struggle to see the full picture.
- ◆ Some accounts get lost and don't get full attention.
- ◆ Have a good measure of where you stand and where you're going.

12

Communicate with Your Spouse.

- ◆ Financial harmony begins by understanding how each spouse views money.
- ◆ What are each other's Money Scripts?
- ◆ Talk about where estate documents are, where insurance documentation is and what to do if something would happen.
- ◆ Even if one person is not interested at all, you need to understand what to do.
- ◆ If you don't have the time to go through these items, talk to a financial planner.