

A New Year's Resolution

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It's that time of year again. The snow has started falling. The holidays are seemingly stacked on top of one another. We have time off from work and our busy schedules. And, the days are filled with family, friends, and delicious food. It is truly a wonderful season.

In between sports and food hangovers, we tend to reflect on the ups and downs of another year gone by and make plans for the future. It's during those lazy stupors when a lot of us proclaim that beginning in January: "I'm going to start eating healthier." "I'm not going to drink as much." "I'm going to exercise and be more active!"

This article, however, is not about renewing your gym membership. It's not a public service announcement that multiple bourbon egg-nogs before noon is a bad idea either. This article is about ensuring that you have a financial game plan in place for yourself and your family.

Many of us lead such hectic lives balancing work and family that we have little time to spend elsewhere. Financial planning is a far cry from rocket science, but if you're not able to dedicate the necessary time to research, implement, and monitor your plan, you should simply outsource that headache.

Consider reaching out to a CERTIFIED FINANCIAL PLANNER™. Yes, there will be a cost for their expertise; however, the added value of a comprehensive planner should pay for itself. Depending on your goals and stage of life, here are just a few examples of how an adviser should be addressing your financial security:

Tax Planning

Tax laws are forever changing. Understanding these changes and being proactive with tax opportunities that may arise will give you an edge in your planning. Have the adviser run a tax projection to:

Determine whether you are withholding too much or not enough from your paycheck.

- No one wants to be surprised with a big tax bill next spring. Conversely, we shouldn't be thrilled about large refund. Having a minimal refund and utilizing the increased net take-home pay to invest or pay down a mortgage quicker will better serve your long-term plan.

Highlight years in which you will be in an uncommonly low tax bracket.

- Whether you got married, bought a house, had a child, or just retired, you could find yourself with a unique



opening to convert pre-tax money to tax-free money (i.e., Roth IRA) at a lower relative tax hit.

Staying Disciplined

One of the first things a small business owner is advised to do is write a business plan. This process brings clarity, structure, and discipline that is essential to accomplishing their ultimate goal. Why do we treat our family financial planning differently? You should have a financial plan in place to help stay disciplined in the amount you're saving, where you're saving, and how you're saving. A few examples are:

When you receive a pay bump through work, increase your 401(k) contribution by 1%.

- This will allow you to shave several working years off of your career—and you won't even notice the difference in your paycheck.

Make sure excess cash isn't building up at the bank.

- Consider paying down liabilities, adding to a child's education account, contributing to an IRA, or saving in an after-tax account for shorter-term needs.

Don't try to predict the market.

- The only time your investments should shift from long-term growth to capital preservation, should be when there is a change in your financial plan (e.g., approaching retirement). An adviser will help you stay focused on the big picture and avoid costly knee-jerk reactions.

It is never too early (or too late) to start thinking about your financial future. With any meaningful change in life or our day-to-day habits, the hardest thing to do is take that first step. Set a resolution this coming year to call a CERTIFIED FINANCIAL PLANNER™. Here's to a happy and healthy New Year!

