

# Steps To Take Now, Just Before Year-End

In September our newsletter gave a few ideas for planning steps you might take in the final quarter of 2017 to lessen your tax burden and we added to that in an article on our website added in September as well. In our December newsletter we continued that theme and added steps that you should consider in December, before 2018 is upon you. With this article we add even more ideas for you to consider before you step into a brave new year.

## Review Your Estate Planning Documents

Far more than 50% of Americans, even those with assets and money, have not done estate planning and are unprepared for some of the hard realities of a dangerous world. While estate planning and advance directives do not have any year end deadline, reviewing your planning annually is a wise move. Here are just a few of the details you need to check:

Have there been births, deaths, marriages, divorces, purchases, sales, family changes or assets changes that require amendments?

Is there a new son or daughter by marriage, a new grandchild or two or some other change you know happened but hadn't worked into your estate plan yet?



Have there been any changes in the law that require adjustments (there was a significant change to the law in Florida in 2011 on durable POAs that may make changes in pre-existing durable POAs a good idea).

Have you discussed your estate plan and your giving plans with your family? Check out our website at <http://www.idlewildfoundation.com/resources/for-parents/> where we have an article covering this topic, [Are Your Kids Involved in Your Giving?](#) This article has a sad story of what can happen if your plans and your heart are not communicated and understood.

Have you distributed a document, electronically or otherwise, that will help your family if there is a sudden tragic loss? Where is your will? Where is the key to the safe deposit box? Where are the insurance policies and the important papers? At The Idlewild Foundation we can help with this aspect of planning, give us a call.

Start now and do not wait until the end of the year!

## Check Your Credit Report

What you don't know will almost always hurt you in the world of money. You should know what is on your credit report because it can affect your ability to borrow should an emergency arise, to rent should you want to lease a car or rent an apartment, and it could disclose to you an identity theft that could cost you thousands of dollars and many hours to clean up. Federal law requires each of the nationwide credit reporting companies - Equifax, Experian, and TransUnion - to check out your credit report, at your request and with no cost, once every 12 months. There are free credit monitoring services that can help.

## What about that bonus?

If you are fortunate enough to get any amount of bonus, plan ahead on what to do with it. Review and consider your financial goals to plan on the best use for the bonus. It might be pay down a debt, it might be put into an emergency fund, it might be invest for the future; but whatever it is, do not let your decisions be driven by the sudden receipt of cash that can be spent.

## Review the following:

**Your Insurance.** You should evaluate your insurance coverage at least annually and more often as family circumstances change – new children added, older children graduating from college and moving out, caring for an aging parent, a job change or any circumstance/life event that changes your financial responsibilities. Have you considered disability and long-term care insurance coverage, have you evaluated the amount of life insurance you have and the high cost of living?

Sit with your insurance agent and do a re-evaluation to see if you are underinsured or overpaying for unnecessary insurance coverage, or if there are better (and less expensive) options more suitable for your needs.

## Your Beneficiaries And Contact Information.

Are the beneficiaries on your retirement accounts and insurance policies up-to-date? If your address or phone number(s) have changed, update your contact information. Think carefully. Has your primary email address changed? Make those changes noted for your accounts and providers.



**Your Advance Directives.** See our article in Resources/Legal Documents/[Documents Everyone at Every Age Should Have](#) for details, but just know that because life's events bring about significant changes in our



## **Reallocate your investments**

There is no deadline or time-crunch for this step, but a reallocation and evaluation of your savings and investments should be done regularly – and year-end is not a bad time at all.

Consider this additional step - Hire a financial adviser. A Christian financial adviser is a good choice and you may wish to consider someone who is a member of Kingdom Advisers. Contact us at The Idlewild Foundation and we can discuss the available options. But if you believe you can't use a professional adviser because you do not have enough to make it worthwhile or because you believe you can't afford the expense on your budget, try an old rule of thumb: subtract your age from 100; put that much in stocks (and not into penny stocks or high risk investments). That is a very rough rule of thumb that may help you not take unreasonable risks.

Once that is done, then the question of asset allocation requires an answer.

For all long-term investments, such as retirement accounts that you won't need for at least ten years, you should use a mix of stocks and bonds. Stocks offer you the best opportunity at having gains that keep you ahead of inflation. But stocks are anything but certain and do not always increase in value. That is where the idea of diversification in the type of investment comes in. Bonds may be something you consider; they typically have less upside potential, but they also do have the same downside potential or risk.

Then you face the next decision point in the concept of asset allocation, diversification. What stocks do you select? That is a very personal choice but generally investments should be in different sectors (such as basic materials, conglomerates, consumer goods, financial, health care, industrial goods, services, technology, and utilities). Unfortunately, there are more decisions still to be made. Do you invest in the US or internationally? Again, some diversification is generally a good idea. Select an amount to put in in US stocks and the rest in international funds. However, how do you know how much or where to put it?

Perhaps you are beginning to see how financial advisers earn their money. This is a complex topic that can best be done by someone with the knowledge and understanding of the US and world financial markets and the resources to do research into the best investments. They will certainly not get it right all of the time – there are many uncertainties in a complex world market which is often affected by political uncertainties, but you can ask for their past record and qualifications. That is not an indication or future performance, but it is a starting point for considering your options.

Rebalance portfolios is not uncommon during the fourth quarter. You may have started the year with a goal for asset allocation. Over a year, the ups and downs of different sectors will have changed your allocation. If that new

allocation no longer matches your wishes or your risk tolerance, it is certainly time to consider making a few transactions to adjust your allocations to stocks, specific sectors, bonds and cash.

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That makes for a busy year-end. What is toughest about this is that you need to take at least some of these steps every year.

