EMPYRION™

WEALTH MANAGEMENT

LOCAL FIRM, NATIONAL PROMINENCE

Issue #1 • Volume 14

The Monthly E-Newsletter

Kimberly Foss, CFP®, CPWA®
PRESIDENT
Empyrion Wealth Management

January 2, 2018

Your Top Eight Financial Resolutions for 2018

Without question, 2017 was a year of sweeping and, in some cases, surprising changes. A political â€œoutsiderâ€ took the Oath of Office as President of the United States. The major stock indexes set record highs, as the Dow Jones Industrial average surged through an unprecedented four 1,000-point barriers during the year (broaching 21,000, 22,000, 23,000, and 24,000), and the S&P 500 saw its longest-ever rise without at least one 3-percent correction. Further, as of this writing, both indexes are still very near their all-time highs. Near the end of this very eventful year, a previously deadlocked Congress passed sweeping tax legislation that is widely regarded as very positive for business.

So, with all the change taking place, what should you do to make sure your financial house is in order as the New Year begins? Surprisingly—or maybe not—most of what we are recommending to clients as they prepare for 2018 sounds a lot like recommendations we have made in years past. In some ways, the situation reminds me of the famous story about the instruction Vince Lombardi is said to have given to his team during the years when his Green Bay Packers were almost unstoppable. Supposedly, at the very first team meeting on the very first day of training camp, the great coach got up in front of his team, held up a football, and said, â€œGentlemen, this is a football.â€

The message is clear: those who expect superior results must never lose sight of the fundamentals. The resolutions we are recommending to our clients as we head into 2018 are in line with this principle. Consider the following eight financial resolutions—and one bonus suggestion—as you make your plans for success in the New Year:

1. **Talk to your financial advisor.** Nothing can ever take the place of sound advice from a seasoned professional; however, just be sure you periodically update your status with your advisor so the advice is relevant to your current situation. For example, have any of your goals changed during the year? Has the birth of a child or grandchild, the illness or death of a spouse or other loved one, the purchase or sale of a business, or some other major life event altered any of your plans or timelines? Are you one year closer to eligibility for Social Security; to making catchup contributions to or qualified withdrawals from your IRA, 401(k), or other retirement plan; or enrolling in Medicare? Do you need to review any of these decisions with your investment or tax advisor? Having a strategy in place is important, but if you donâ€™t keep it updated as your circumstances change, it wonâ€™t work for you as it should.
2. **Review your estate plan, including insurance**. Are your wills, trust documents, and healthcare directives still appropriate, taking into account any changes in your family makeup, growth in the size or composition of your estate, and especially considering the new, higher exemption on estate taxes that is included in the new tax law? And, by the way, an essential and often-overlooked part of estate planning involves the simple act of reviewing your life, health, disability, and property insurance policies to make sure beneficiary designations, benefit amounts, coverages, and other terms match your current circumstances. Also, donâ€™t forget to double-check the beneficiaries on your retirement plans; a divorce, a death, or a change in business structure can make these obsolete.
3. **Save more for retirement.** If you are still working, try to maximize your contributions to the retirement plans that are available to you, such as IRAs, 401(k) plans, 403(b) plans, or SEP IRAs. Think you canâ€™t put any more aside? Review your spending to see if you can reallocate some budget dollars into savings for retirement. Even relatively small increases, added systematically over time, can significantly impact the resources youâ€™ll have available to maintain your lifestyle after retirement. If you are age 50 or older, you are eligible to make catch-up contributions ($6,000 for 401(k) plans, $1,000 for traditional or Roth IRAs) each year.
4. **Review your tax situation.** Even though the new tax bill reduces or eliminates some opportunities for certain deductions and exemptions, there will still be smart ways to give to charity, to invest, and to plan for the future. You should make time to speak with a qualified tax advisor about specific ways the new legislation will change your tax return

for 2018. There may also be strategies you can utilize between now and the end of 2017 that will no longer be available to you in the New Year. Now is the time to find out and take appropriate action.

5. **Fine-tune your investment plan.** Are you appropriately diversified, or are your holdings too concentrated in a single stock or sector? Are you paying too much in fees, either to mutual funds or to another intermediary? Is the purchase and sales activity in your portfolio—or in a mutual fund you are holding—creating excessive capital gains tax liability or other expenses? All of these factors limit the overall performance of your investments, which means fewer assets available to you when you really need them. You have the right to know, but if you donâ€™t ask, you wonâ€™t find out.
6. **Examine your debt.** Do you have a credit card with a high interest rate that you can pay off? Are you servicing debt that is not tax deductible (especially under the new tax law)? Could you refinance a mortgage at a lower rate in order to free up cash flow for investing or retirement savings?
7. **Pay attention to your credit report.** Especially in light of the serious security breach at Equifax in July 2017, it is more important than ever that consumers stay informed about their credit rating and the accuracy of their credit report. We previously informed readers of our blog about this breach—the latest in a long line of similar cyber-attacks on retailers, creditors, and other entities used by millions of consumers--and provided tips they should consider implementing. (Check out our two blogs at the following links: What Should You Do about the Equifax Data Breach? and Equifax Breach, Revisited: Four More Steps to Protect Yourself.) Donâ€™t let hackers sabotage the good credit record youâ€™ve worked hard to achieve. For information on how you can protect yourself, go to the Federal Trade Commission website (https://www.identitytheft.gov/Info-Lost-or-Stolen) and also check your credit report at this free, government-authorized site: www.annualcreditreport.com.
8. **Talk to your family about your finances, and about finances in general.** If you are a young parent with children ages five or older, start talking to your kids about saving, spending, and earning (yes, even five-year-olds can start learning about saving and smart spending). There are many free internet resources that provide age-appropriate activities and other learning resources to help your kids become smart consumers, savers, and investors (see, for example, Mint.com: https://www.mint.com/ultimate-resources-for-teaching-kids-about-money). If you are approaching retirement or are into your retirement years, talk to your adult children or younger family members about your wishes, including healthcare directives, disposition of your estate, and other financial matters. Make sure they or other appropriate persons know the location of wills, insurance policies, and other important financial documents. The more information they have now, the easier things will be later, when navigating already-stressful circumstances.

   (Bonus tip) Take care of yourself! Perhaps the most important resolution you can make for this or any year is to better manage all the risk factors in your life: health, diet, exercise, emotional and mental self-care, relationship awareness, and others. Does your family history indicate greater susceptibility to heart disease, breast cancer, diabetes, or some other illness? Do you know the biomarkers that could help you—or your physician—avoid certain risks? Are you giving enough time to the significant people in your life? Do you know what is most important to you, and does your daily, weekly, and monthly routine take your true priorities into account? Take note of what really matters to you in life—and resolve to spend more time pursuing those concerns. If you do that, 2018 could be your best year yet!

Stay Diversified, Stay YOUR Course!

Kimberly Foss, CFPÂ®, CPWAÂ®
Empyrion Wealth Management, Inc.
www.empyrionwealth.com
(916) 786-7626
(800) 787-7634

For more information on Emyprion Wealth Management, visit www.empyrionwealth.com.

To learn more about Kimberly Foss, visit www.kimberlyfoss.com.