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# 10 Quick Year-End Financial Planning Tips



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*I help people on their path to Financial Freedom.* [FULL BIO](#) ▾

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With the fourth quarter of the year upon us, it can be a smart time to take inventory of your financial situation. Here are 10 easy steps to complete an effective assessment.

1. **Assess your 2017 plan progress.** Look at any areas of your 2017 written financial plan that you have not yet accomplished and endeavor to complete them in the remaining months, or include them in your 2018 plan.



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2. **Review your current cash flow.** Take a deeper look at what you are spending your money on each month and determine what opportunities there are to find “painless savings”. Maybe you will find some easy ways to save a few extra dollars for your long-term goals.
3. **Calculate your asset allocation.** The run-up in stocks may have increased your stock allocation and you may hold more risk than you are comfortable with. If so, look at making some reallocations – and don’t forget to consider the tax implications of any move inside a taxable account.
4. **Estimate if you are on track to maximize your 401k and IRA contributions.** Try not to miss any valuable tax deductions, and also be sure to defer in each pay period to maximize any employer matching contribution.
5. **Talk with your tax and financial advisors.** Explore other ways to save on your tax bill. There may still be time to take action, but time is running out!
6. **Harvest tax losses.** At this point in the bull market you should have more winners than losers, but not all stocks and mutual funds are up. If you hold some losing positions, consider selling them to offset other gains. And remember that the IRS limits your deduction to \$3,000 of capital losses per year (any unused losses can be carried forward into future years).
7. **Plan for any mutual fund distributions.** Call your advisor or the fund company to estimate the amount of any distributions and gains. Then either offset those gains with any losses you may have realized, or begin to set aside money for the related tax bill.
8. **Check your Flexible Savings Account (FSA).** Determine if you have an unspent balance inside your FSA plan. Many plans have a "use it or lose it" feature. Maybe you’ve been putting off a doctor visit or need a new pair of orthotics or a new pair of glasses. If so, use your pre-tax dollars that you elected to put into your FSA account, and let the government subsidize some of the purchase cost.
9. **Review your homeowners insurance.** Each year we are told to check our smoke alarms (when daylight saving time ends in October). That may also be a good time to review home and auto insurance to see if the coverage you have makes

sense. Make sure the amount of replacement value on your home includes any recent increase in value. Also look at changing your deductibles as a way to possibly save some money.

- 10. Consider what life changing events you may face in the new year.** For example, if your employer is struggling or planning job cuts, or if you want to change jobs, do you have enough liquidity on hand while you look for a new position? If you are buying a new home, are there steps you can take now to improve your credit rating? Or, if you have unexpected medical expenses how will you meet what is potentially a high deductible in your health insurance policy?

The financial planning process is continual and never ending. Reviewing year-to-date progress and anticipating future needs can lead to better results. So use this year-end period to assess your current situation and identify future planning opportunities.

## Contributor's Bio

Mark Avallone is the author of Countdown To Financial Freedom, and founder and President of Potomac Wealth Advisors, LLC a financial advisory firm serving clients through holistic financial planning and wealth management. Avallone writes on a variety of financial topics, and his contributions have appeared in the Wall Street Journal as well as in Forbes where he is a regular contributor. He has appeared on CNBC and has been a repeat guest on the Fox Business Network. His insights have also appeared in USA Today, U.S. News & World Report, The Washington Post, and other leading publications.

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