

Are you ready for a successful 2020? Answer these money questions to find out.

It's difficult to imagine that, 20 years ago, we were ushered into a new millennium. I remember New Year's Eve, 1999. Mary and I were vacationing at a cabin in the mountains of North Carolina, waiting for Y2K. The prediction was that, at midnight, airplanes were going to fall from the sky, computers would stop working, and cell phones would go on the fritz (we had cell phones back then, right?). Nothing bad happened, of course, but it was the world-wide obsession for a while to be thinking about how life was probably going to be pushed back to the stone age because of the calendar.



The IT consulting firm I was working for then made money from the Y2K issue. We had a contract to examine a lot of government computer systems to make sure they would still work after midnight, 12/31/1999. To help with our work, we developed a checklist for the systems we were hired to examine and, if all the boxes got checked, we deemed that the software would not fail.

Everything worked out fine, the government kept on chugging away (what luck!), and all was well. Later, we used the same checklist technique for many other jobs.

Speaking of checklists, the beginning of a new year is a great time to assess your financial situation, so I've put together a money checklist for you. It's not exhaustive, and not all the items on it will apply to everyone. However, my guess is that at least some of these questions are relevant for you, your spouse, or your family. Your answers are limited to yes, no, maybe so, or does not apply. If you are not happy with your responses, maybe we need to talk. Here goes:

1. Do I have enough money in a bank account to cover at least a few months of living expenses for my family?
2. Do I have enough life insurance to protect my family? Have I calculated how much death benefit my family would need to replace the income I would have earned had I lived during my working career?
3. If I can't work because of a disability or long illness, will my family still have enough income for as long as they need it? If I have group disability insurance, do I understand its limitations and if it will work for my family?
4. Is it likely that I might need someone to care for me when I'm old? Do I know who might do it, what it might cost, and what type of care I want? If family members can't take care of me, am I prepared to pay someone to do it?
5. If I'm retired, have I done a cash flow projection to estimate how long my money might last? If I am the money manager in the family, does my spouse know how to take over for me if I can't do it because of death, disability, or other issues?
6. Do I invest money regularly and save at least 10% to 15% of my gross income for future needs, especially retirement? Do I know how dollar cost averaging and compounding work, and am I taking full advantage of them?
7. Am I aware of the potential impact of inflation on my money's purchasing power and have I made an honest assessment of how inflation might affect me in the future?
8. If I am a business owner, do I have a formal written exit strategy that might help me reap the financial value of my business when I'm ready?
9. Do my spouse and I have wills, powers of attorney, and living wills, and are they up-to-date? Do my children and family members know where these documents are? Do they

also know where to find my investment statements, insurance policies, group benefits information, annuity contracts, and other important documents?

10. Am I sure that the beneficiary designations on my life insurance, retirement plans, pensions, and annuities are correct?

I could probably add a few more items, but this one is a pretty good place to start. So, how did you do? If you answered “yes” to more than 75% of these statements, I’d say you are well on your way to working toward financial independence.

On the other hand, maybe you’re not sure about some of these, or have not addressed them at all. In either case, we should talk. Bring this list when we meet. It’ll be a great place to start our conversation.

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