financial health & economic wellness

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HEALTH AND WELLNESS ARE COMMON TOPICS AT THE LAUNCH OF A NEW YEAR. And, for good reason, given the habitual practice of setting New Year's resolutions to achieve a better, more rewarding future in the year ahead. But, with the events of November, and the worst fires to strike Malibu in 25 years if ever, we are reminded that health and wellness also include economic wellness, financial health, and peace of mind as it relates to the protection of valuable assets.

From a proactive perspective, the tragedy of recent events can prompt all of us to review household financial planning and the precautionary protective actions already taken. For example, you've paid your premium for your homeowner's insurance policy which will pay to repair or rebuild your home if it is damaged or destroyed by fire, hurricane, hail, lightning or other covered disasters (flood and earthquake are covered by separate policies). But, how much insurance coverage do you have?

If you bought your home 10 or more years ago, you may have inadequate coverage given increased housing costs and rising building and material costs over the past decade. And, if you've been in your house for 15 years or more, this tragic event should at a minimum be a reminder to reach out to your insurance agent and confirm that your coverage is sufficient to keep pace with years of real estate price appreciation. In fact, did you know there's a formula for property insurance that mandates 80% of the value of the property at the time of loss must be insured to avoid a penalty? If you're below that 80%, it's possibly worth adjusting to avoid unnecessary risk of a reduced payout for a claim.

Your home and other real estate make up only part of your economic household. The liquid investment portfolio—from retirement accounts to individual and trust accounts—are all valuable components that can suffer if economic or market risks flare up in stocks and bonds. A prudent approach for genuine financial health would begin with a review of your financial goals and objectives in conjunction with your existing assets and liabilities. Obviously, a well-designed and carefully constructed investment portfolio and investment allocation can help increase safety and potential returns. But, risks always exist. Recent examples include rising interest rates, news like GM closing factories, and housing markets in part of the country slowing. A preemptive and thorough review of the portfolio can help protect assets and minimize losses in a period of decline.

Health and wellness begin with understanding what you're trying to achieve and developing a plan to maximize the likelihood of accomplishing it. If reduction of risk and an increase in safety are among those variables important to you, it's worth meeting with your advisors and reviewing the assets and protections you have in place. Whether it's for your home, business or investment portfolio, the practice of habitual review and ongoing planning can help you answer more confidently: "Have I planned appropriately for all the years ahead?" To many, health and wellness means losing weight and smarter, fresher eating. But there is a very tangible benefit in considering your health and wellness in the financial realm. It's a perfect opportunity to start the New Year off strong with a firm grasp of your financial goals and objectives.