

Year-End Financial Review



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With the holiday season upon us, I expect most people are caught up in the rush and excitement leading up to Christmas. But if you can set aside an hour or two, this is an ideal time to conduct your own year-end financial review. This is a great way to determine exactly how your year went, take stock of your current status, review your goals, and consider whether any changes are advisable. Putting your plans into place now allows you to benefit from the changes and improvements throughout the entire year of 2015.

I would suggest you carefully consider each of the following questions. Taking a good look at last year will help you determine what worked and what didn't, what you need to change and what should stay the same. This review puts you in the best position to define your plan for the coming year.

What were the best things that happened to you this year?

Did you have an exceptional return on an investment? Perhaps you did some traveling you particularly enjoyed. Were you involved with a rewarding volunteer function? Maybe you added a new grandchild to your family.

What were the worst things that happened to you this year?

Did you have any unexpected medical problems? Was the return on your investments disappointing? Were the expenses for the year much greater than you anticipated? Did you have to downsize or make unwanted changes to your living standards?

How much did you set aside in savings this year?

If you still have outside income, were you able to contribute more money to your savings? Do you expect that outside income to continue?

Is the amount of money you withdrew from your investments appropriate?

Was the income you withdrew from savings and/or investments sufficient to maintain your desired lifestyle? Is the amount of income you are withdrawing depleting your investments too quickly? Are you withdrawing income in the most tax-efficient way?

How much did you invest and were your returns in line with your expectations?

Did you make well-considered choices in your investments? Did you get the returns you expected? If your investments are not performing to your satisfaction, how can you change that?

Are your financial targets and asset allocations still in line with your goals?

Is your allocation of stocks and bonds appropriate for your age and your needs? Do you have a sufficient variety of investments? Are your financial targets realistic?

Would it be advantageous to make any changes to your IRA investments such as converting a traditional IRA to a Roth, re-characterizing a recent change, starting or changing the Required Minimum Distribution?

Are there any tax advantages available if you make a change to your IRA? If you are taking a distribution, is the timing and amount of distribution appropriate to your situation?

Will you be taking on any new debt this year?

Consider your expenses from last year – housing, medical, transportation, etc. - and determine whether any of those expenses will increase. Will you be taking out any loans in the coming year? If you have a mortgage, business loan, or line of credit, now may be the time to evaluate refinancing options since the rates are low.

Have there been any changes in your life that could affect your will or insurance needs?

Think about any changes in your family members such as additional children or grandchildren that might precipitate a change to your will, insurance, or other legal documents. Review your will to make sure that the content is still in line with your wishes. Also review your powers of attorney for financial, healthcare, and living will to determine if any changes are warranted.

