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Life Changes Should Mean Changes in Your Financial Plans

Two of our sons were married in 2017, which was both an emotional and logistical change for our family. They both have Roth IRA accounts that we manage together.

Before their vows were exchanged, my wife and I were named as either primary or contingent beneficiaries.

Catch where I'm going? You got it. I needed to make sure each young man changed his primary beneficiary to his new spouse. Which leads to a basic check list as we navigate the New Year:

Everyone who engages in financial planning or helps others with their needs to update plans to reflect life changes. And given how busy life is generally, January is the perfect time to do it.

When life circumstances change—a death, divorce, wedding, or a trust is implemented—a beneficiary change is in order. The good news is the beneficiaries we have in place in our retirement accounts override what's in a will.

A second possible change relates to something as simple as turning 50. Workers aged 50 and older can defer up to \$18,500 a year from income and place the funds in a 401(k). We can save even more by making what's called a "catch-up" contribution. That's limited to \$6,000 a year tax-free for a total of \$24,500.

These limits are in addition to matching contributions from employers. They also apply to 403(b) plans and the federal government's Thrift Savings Plan.

Those who have, or wish to start a Roth or traditional IRA can save an additional \$1,000 for a total of \$6,500. But before making a Roth IRA contribution, consult a tax advisor. Some of us may be earning too much to be eligible.

What else should be on the “change” check list? The status of our wills. Everyone needs a will. Why? If we want our assets to go where – or to the people who matter to us as seamlessly as possible -- then having a will makes sense. Consult an attorney as part of this process, because those who die without a will have their assets pass to various parties based upon state law.

Next, given the growth that has taken place in the stock market in recent years – not only 2017 – it makes sense to look at rebalancing positions in all investment accounts. Picture each position in accounts as horses in a race. Some may have run faster than others when they crossed

the finished line in 2017. Some may have lagged. A financial advisor can suggest horses which should stay in the race, as well as those who should be positioned differently at the starting gate in 2018.

Finally, let's all be honest. As we reflect on 2017, what part of our financial lives did we defer, or 'punt' into 2018? Maybe it was addressing an uncomfortable topic such as long-term care insurance, accepting responsibility for the care of an aging loved one, or starting a systematic savings plan. Perhaps now, in the first quarter of the business year, with the opportunity to change fresh in our minds, is the time to run, not walk, to a professional advisor who can help.

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