

December 22, 2015



GENERATIONAL
WEALTH MANAGEMENT

Re: 16 Financial Resolutions for 2016

As the end of 2015 approaches, it's time to start thinking about how to make 2016 a success for you and your loved ones. Though there's little consensus about their origins, we know that Americans have been making New Year's resolutions since at least the 1770s.¹ In 2015, 31% of Americans made financial resolutions.²

Here are 16 financial resolutions to help make 2016 healthy, happy, and successful:

1. Create emergency savings

Life is full of unexpected emergencies, and some extra cash can help a serious illness, home repair, or other sudden financial need from derailing your finances. Prepare for unpredictable expenses by putting aside six to eight months of expenses in an easily accessible cash-equivalent account.

2. Make a monthly budget and stick to it

Budgets may sound like a lot of unnecessary work, especially if you're financially comfortable, but it's quite easy to let your spending go off the rails if you're not tracking it in some way. Set a budget and work on sticking to it for a couple of months. Don't aim for perfection; instead, try for incremental improvement.

3. Save more for the future

Are you on track for retirement and other goals? Most Americans could stand to put more money away for the future. We recommend keeping separate "buckets" of savings for short-, medium-, and long-term goals and leveraging tax-advantaged accounts where possible. Let us know if you'd like help saving for specific goals so that we can help ensure you have the right strategy for your needs and timeline.

4. Make retirement plan contributions regularly (instead of all at once)

We believe that "time in the market" is critical to long-term investing success. Instead of waiting until the last minute to make your annual contributions, give your money more time to grow by making automatic contributions to your accounts every month.

5. Maximize your retirement plan contributions

Tax-managed retirement accounts are one of the most powerful ways to save for a more comfortable retirement. Make the most of them by contributing as much as you can each tax year. We usually recommend maxing out employer-sponsored plans first to take advantage of any matching contributions your employer may offer. Give us a call if you need help understanding your retirement account options.

6. Pay down high-interest debt

High-interest debt can make it very hard to get ahead financially. If you're carrying a lot of debt, make paying it down a priority. Contact us for help managing expenses and getting on top of your debt.

7. Set goals for the future and work with a professional to help you achieve them

In our experience, people who set goals for themselves and create strategies to pursue them are much more likely to see success. One study found that investors who leveraged specific financial strategies saw greater long-term financial success.³ Sit down with your loved ones to discuss your financial goals; when you're ready to discuss your thoughts, call our office to schedule a no-obligation consultation.

8. Create a powerful legacy for the world

We believe that a rich life is about more than financial success and a comfortable lifestyle. Whether you want to leave something to your loved ones, or contribute to causes close to your heart, take some time to think about the legacy you will leave for the future.

9. Review your estate planning and legal documents

Your core legal documents should be regularly reviewed to make sure that they keep up with your life. If it's been a few years since you took a look at your documents, dust them off and make sure that they still represent your wishes.

10. Review the beneficiaries of your financial accounts and insurance policies

When is the last time you updated your beneficiaries? Since beneficiary provisions are independent of your will or other estate provisions, it's critical to keep them current. Contact us for assistance with gathering account documents and making needed updates.

11. Stay on top of your health

Healthcare is a major expense for most Americans, especially when serious illness strikes. Take steps to protect your health (and your wallet) by building a healthy lifestyle and being proactive about preventative care.

12. Protect your credit and identity

Identity theft and financial fraud are serious threats that can compromise your financial wellbeing. Protect yourself by reviewing financial statements and bills carefully for unauthorized activity. Check your credit report for free each year at www.annualcreditreport.com.

13. Review your tax strategies for potential savings

Recent changes to tax laws mean that your tax burden may have increased. Give us a call to discuss tax strategies that may help you reduce your tax burden.

14. Involve your loved ones in your finances

If you (or your spouse) don't get involved in the family finances, it's time to start. Work together to make financial decisions and make sure that each of you understands the overall game plan for your finances. At minimum, make sure that your loved ones know how to access financial accounts and understand your wishes.

15. Identify your goals for 2016

What do you want to accomplish in 2016? Whether you want to get a raise, go on a wonderful vacation, or spend more time with your family, take a moment now to write them down.

16. Keep your resolutions!

One study found that people keep just 8% of the New Year's resolutions they make.⁴ Improve the chances that you will keep your resolutions by making your goals simple, concrete, and actionable. Instead of saying: "I will save more for the future in 2016," say: "I will contribute \$4,500 to my retirement accounts by December 31, 2016" or "I will pay off \$2,000 of credit card debt by April 15."

As 2015 draws to a close, we would like to extend our thanks for the trust and confidence you've placed in our firm. You've made this year one to remember and we are sincerely grateful for the privilege and opportunity to serve. We look forward to serving you and yours for many years to come.

If you have questions about your future or would like some support in keeping your financial resolutions, please give us a call. Together, let's make 2016 a success.

Kind Regards,

The Team at GENERATIONAL WEALTH MANAGEMENT

Footnotes, disclosures, and sources:

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¹ http://articles.courant.com/2013-11-19/community/hcrs-82240-wethersfield-20131115_1_christmas-open-house-christmas-traditions-santa-claus

² https://www.fidelity.com/bin-public/060_www_fidelity_com/documents/2015-new-year-resolutions-fact-sheet.pdf

³

<http://corporate.morningstar.com/ib/documents/PublishedResearch/AlphaBetaandNowGamma.pdf>

⁴ <http://www.forbes.com/sites/dandiamond/2013/01/01/just-8-of-people-achieve-their-new-years-resolutions-heres-how-they-did-it/>