12 FINANCIAL RESOLUTIONS FOR 2021

Start the New Year right by reviewing and revamping your financial plan.

Instead of hauling out those familiar New Year's resolutions about eating less and exercising more, how about focusing on something that's also very good for you in the long run – and even sooner? We're talking about your financial plan – your fiscal health, if you will. The approach of a new year – or any time, for that matter – is a great time to review your plan and make whatever revisions might be indicated. With that in mind, here are 12 suggested resolutions that, if followed, could help you go a long way toward attaining your financial goals.

RAYMOND JAMES

1 Get your balance sheet in order

You can't expect to reach a goal without knowing where you're starting from. Using 31 December as the effective date, update your personal balance sheet (assets versus liabilities, broadly speaking). If you're retired, make note of the income you receive from pensions, retirement plan assets or other sources. Everything proceeds from this first step, so take the time to bring these numbers up to date.

4 Designate and update your beneficiaries

If you don't correctly document your beneficiary designations, who gets what may be determined by law, or by the default plan document used in your retirement accounts. When did you last update your will? Have life changes (divorce, remarriage, births, deaths or change in residence) occurred since then? Update your beneficiary listings on wills, life insurance, annuities, pensions and anything else that'd affect your heirs. If you've named a trust, have any relevant tax laws changed? Have you provided for the possibility that your primary beneficiary may die before you? Does your plan address the simultaneous death of you and your spouse? A solicitor can help walk you through these various scenarios.

2 Review your budget and spending habits

How closely did last year's spending match what you'd planned? Were unexpected increases one-time items or ongoing costs? Where can you trim expenses?

Although some budget items are fixed, a sharp pencil can produce significant savings on other costs. Start with what you realistically expect to have as income, then assign those pounds to your various expense categories, while also maintaining flexibility to account for anything unexpected.

5 Evaluate your cash holdings

A certain amount of assets should be set aside in cash accounts that can be readily accessed – talk with your adviser about whether your current allocation strikes the right balance. Note that the cash portions of your brokerage and retirement accounts serve a different purpose and shouldn't be counted as emergency reserves.

EVERYONE SHOULD HAVE A CERTAIN AMOUNT OF THEIR ASSETS SET ASIDE IN CASH

3 Review the titling of your accounts

Account titling often occurs haphazardly, which can create problems down the line. If one partner dies and an account is titled only in their name, those assets can't be readily accessed by the survivor. The solution may be creating joint accounts, but it's not always that simple. Titling has implications across a range of estate planning issues and can lead to increased taxation or ever lawsuits among heirs. Review your account titling and discuss with your team of professionals, coordinating a good estate plan can avoid all these issues.

6 Revisit your portfolio's asset allocation

Appreciation in one asset class or underperformance in another can leave your portfolio with a different allocation than what you originally intended. Revisit your current and ideal asset allocation at least annually and rebalance as needed (consider rebalancing with new contributions to help avoid capital gains taxes).

Consider, too, whether you're comfortable with your portfolio's current level of risk. Risk tolerance isn't static – it changes based on your net worth, age, income needs, financial goals and other considerations.

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Evaluate your sources of retirement income

Most retirees have several income sources, such as pensions, retirement portfolios, rental properties, notes receivable, inheritances, etc. Think about how secure each source is. Can you count on that inheritance? Would rental property vacancies interrupt your cash flow? Are the notes receivable backed by collateral? If too much of your retirement income is from less-than-solid sources, it may be time to reposition your assets.

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Review your National Insurance record

If you're not yet retired, go online and establish a Government Gateway account. Review your statement, and be sure all your earnings over the years have been recorded. Use your record to see what you've paid, up to the start of the current tax year (6 April 2020), any National Insurance credits you've received, if gaps in contributions or credits mean some years do not count towards your State Pension (they are not 'qualifying years') or if you can pay voluntary contributions to fill any gaps and how much this will cost. If appropriate, revisit your plan and revise as needed.

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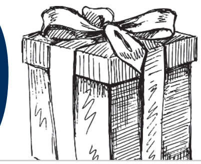

Review the tax efficiency of your charitable giving

Think strategically about your contributions – for example, consider whether or not it'd make sense to donate low-basis stocks in lieu of cash, or learn about establishing a donor-advised fund to take an upfront deduction for contributions made over the next several years. Give, but do so with an eye toward reducing your tax liability.

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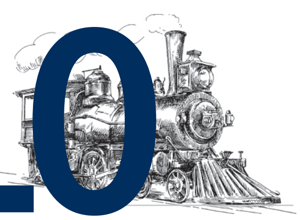

Check to see if your retirement plan is on track

What changes are needed given your current lifestyle and the market environment? Don't fixate solely on your retirement assets' value – instead, drill down into what types of assets you hold, what your expected cash flow will be, what your contingency plans are, what rate of return you're assuming, what inflation rate you're assuming and how long you're planning for. Retirement plans have many moving parts that must be monitored on an ongoing basis.

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Make the indicated changes

You should now have a good idea of your cash flow situation, what your retirementincome picture looks like and where other challenges lie. Do you need to adjust your pension contributions, other account contributions or tax withholding? Are you taking full advantage of your employer's retirement plan options, particularly any contribution match? Go after any problems areas – or opportunities – systematically and promptly.

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Check in with your Wealth Manager

Your wealth manager can help offer specialised tools, impartiality and experience earned by dealing with many market cycles and client situations. Communicate openly about what's happening in your life today and what may happen in the future. Wealth managers can't help you manage what they don't know, so err on the side of over-communicating. Establish a regular meeting schedule to review your portfolio and retirement plans.