

## New Year – Time to Review Your Financial Plan

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The start of a new year is often associated with new beginnings and resolutions to improve one's health, finances, or lifestyle. Regardless of your resolution, it is important to plan accordingly, so that you have not given up by the time this article is published. It is also important to remember that health, finances, and lifestyle are often interwoven. The worry of not having enough assets can cause health issues, and the comfort in knowing that you are on the financial track to success can relieve stress and help accomplish new resolutions of watching the sunrise from a tropical beach or spending more time with loved ones.

When it comes to finances, it is important to look back before going forward. Start by quickly reviewing your prior expenses. Are there any bills you are paying for services that you have not used? (You can always sign up again.) Examine your current assets and how they are titled. Review your estate plan, powers of attorney, and beneficiaries on all assets, including your home and tangible assets. Make sure that those individuals you have designated as your personal representative or power of attorney agent, for example, understand your wishes. We have created a fillable form called Final Wishes. While it is not a legal document, it allows you to document information that loved ones may not be able to access easily. Contact our office if you would like a copy.

When you are ready to move forward, begin by calculating your new budget. Are there any changes to income or expenses, or any upcoming expenses that you need to account for? Do you have new financial goals? Review your financial accounts to make sure your holdings align with those goals. For example, if you do not need your current level of life insurance coverage, you may be able to reduce or eliminate that cost altogether. If you are receiving an income stream from your assets, look for more cost-efficient options. Consider current and future tax brackets, especially if there is a concern that one spouse may pass early, causing a change in tax filing status.

Economic factors are also a consideration. Make sure that you are working with a financial professional to review your objectives and risk tolerance. There may be strategies that you can take advantage of but be cognizant of timing. For example, completing a Roth conversion while you are in the same tax bracket as you will be in the future may provide a future benefit, but it is much more efficient when you complete it while in a lower tax bracket, such as immediately after retirement.

If you decide to "bunch" deductions by consolidating itemized deductions in one year, creating minimal deductions the following year to take the standard deduction, you will not want to complete a Qualified Charitable Distribution in the year you are itemizing. Other strategies include adjusting income to minimize social security taxation, tax loss harvesting, charitable giving, and gifting strategies. Collaborate with a trusted advisor to review your plan and understand which strategies are appropriate for you.



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