

# Financial Planning Basics

## Update your Financial Goals

What do you want to accomplish this year? What are your most important long-term goals? Are there steps you can take this year to help move you towards those long-term goals, like opening a college savings account for your child, increasing your 401(k) contribution, or contributing to a traditional or ROTH IRA?

## Address Debt

Now is the time to make a plan to reduce credit card balances, student loans, and other debt. Which accounts have the highest interest rates and/or balances? How much can you put towards your debt each month? Have you calculated the increased costs of making only minimum payments? Do you know your credit score?

## Create a Budget

Evaluate your living expenses, your current income, your debt, and your savings goals and know where your money is going each month. Awareness of your needs and habits can reveal opportunities to save more and reach your goals on schedule. This information empowers you to determine your priorities and develop a successful budgeting plan. For some tips to help you get started and stick with it, consult your Davenport Financial Advisor. Additionally, there are many online budgeting applications and resources available that can help with this process.

## Maintain a Financial Reserve

Do you have a savings account with funds set aside to carry you through unexpected costs, like expensive repairs or job loss? Generally, a fund equal to between three and six months of living expenses is a good goal.

## Review your Investments

Schedule an appointment with your Davenport Financial Advisor to review your portfolio. Have your goals or risk tolerance changed? Is your 401(k) allocation appropriate for your needs? Do you have a combination of “taxable”, “tax deferred”, and “tax free” investments? Your Financial Advisor can help you identify areas that may need to be updated and can provide you with a progress report on your current investments.

## Prepare for Taxes

Be sure to keep all of your tax materials in an easily accessible place. Reach out to your tax preparer to help you review which documents will be necessary to help your filing process go smoothly. These may include documentation of:

- All earned income (W-2, 1099, etc.)
- All taxable investment income (1099, K-1, etc.)
- Self employment income and expense deductions
- Childcare expenses
- Student loan interest
- Mortgage interest
- Health Savings Account contributions
- IRA contributions

### Understand Your Insurance

Are your current life and disability insurance policies adequate for your family's financial needs? Contact your Financial Advisor or Insurance Representative to review your policies. Additionally, review your health, automobile, and property/casualty policies to make sure that you and your family are comfortable with them. And finally, consider how you will fund long-term care needs; your Financial Advisor or Insurance Representative can provide you with information regarding long-term care policy options.

### Plan Your Estate

Evaluate your current wishes for what should happen with you and your estate at the end of your life. Will your estate be distributed to your desired people and/or organizations? Who will make medical decisions for you in the event that you are unable to do so yourself? With these wishes in mind, review the beneficiaries on your retirement accounts and insurance policies, establish or update your will, and have necessary powers of attorney and/or medical directives drawn up. Consult with a trusted accounting professional and lawyer for assistance.

### Get Organized

Last, but not least, develop a system to keep all of this information organized and appropriately accessible. Once you have made plans and evaluated your needs, make sure that you have an organized spot to keep all of your important financial and legal documents. Find a filing system that works for you, and stick with it. You may consider a safe deposit box or an in-home safe for the most sensitive material, and create a plan for who should have access to these spots in the event that you are unable to access them yourself. Don't forget to consider the security of your financial information, including information that you store electronically or access online. Make sure to have one or more trusted persons aware of your final wishes and provide these people with an outline of how to access your important information in the event that anything happens to you.

*Contact your Davenport Financial Advisor for help creating a financial plan.*

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