

2019 year-end financial checklist



Planning for the year ahead

The end of the year is a great time to review an annual financial checklist and plan—particularly if you or your family have experienced any major life events this year, such as marriage or divorce, births or deaths, or a job change—or have major life events on the horizon. While uncomplicated, these preventative maintenance and housekeeping tasks can cause serious consequences, if neglected.

CASH-FLOW PLANNING

- Identify all sources of current income
- Organize all expenses, monthly and annually
- Categorize expenses by type—fixed, variable or discretionary
- Use a resource to help, such as Quicken or a budget book
- Identify trends or expected changes to current income and expenses
- Identify any large expenses planned for next year
- Establish or tune-up an emergency fund
- Pay special attention to your liquid cash reserves

INVESTMENT PLANNING

- Evaluate your investments as compared with your written investment objectives
- Determine if your portfolio is balanced
- Reassess your risk tolerance
- Make changes to asset allocations where necessary and rebalance
- Meet with your investment adviser or manager to evaluate your financial plan; prepare a list of topics to focus your discussion

RETIREMENT PLANNING

- Review target date for retirement
- Review amount of income needed for retirement
- Identify sources of retirement income
- Evaluate your strategy to reach your retirement objective
- Integrate retirement planning with your investment planning
- If you are older than 70½, take your Required Minimum Distribution (RMD) for 2019
- Consider whether a Roth conversion makes sense. Converting from a traditional IRA to a Roth IRA can be a long-term tax minimization strategy.
- Think about if you are nearing eligibility for Social Security and review maximization strategies

TAX PLANNING

Identify any actions to reduce taxes

Evaluate and maximize 401(k), IRA or other retirement plan contributions. If you are over 50 years of age, take advantage of increased catch-up contribution limits.

Monitor tax loss carry-forwards and consider harvesting losses to offset gains

Plan charitable contributions—direct gifts, indirect gifts, split-interest gifts, donor-advised fund

Consider a Qualified Charitable Distribution (QCD) from your IRA—up to \$100,000

Plan tax-free gifting—up to \$15,000 per individual per year (\$30,000 for married couples)

Consider using tax-free gifts to fund/contribute to a 529 plan

Consider your ability to defer or accelerate business expenses

INSURANCE PLANNING

Review your Health Savings Accounts contribution—up to \$3,450 per individual (\$6,900 for families)

Check to see whether your Flexible Spending Account has a carry-forward option or if you must use it or lose it

Adjust your homeowner's insurance for any major upgrades/renovations made to your home

Review personal insurance policies (homeowners, auto) and evaluate the need for an umbrella policy

Review your deductibles

For any in-force cash value insurance policies, request an updated illustration and annual summary

Review your long-term care and disability income insurance; determine if they continue to efficiently meet your coverage needs

Determine period for open enrollment in the event you need to make changes to your health insurance coverage

ESTATE PLANNING

Determine ownership of assets (including real estate) and beneficiary designation—update as necessary

Take note of where your estate planning documents (wills, trusts, durable power of attorney, digital power of attorney, etc.) are located

Review estate planning documents to make sure they are accurate and current

OTHER CONSIDERATIONS

Think about upcoming costs associated with caring for an aging parent

Check your credit profile and protect yourself from identity theft

Use the end of the year as a regular time to discuss finances and investments with the next generation

Evaluate if material changes need to be made to your financial plan

Use this checklist as a guide and check with your other professional advisers for direction on your specific tax or legal situation. Badgley Phelps is not an insurance, tax or legal adviser.

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