Over this past summer, my family has been trying to do more physical activities together: biking, running, swimming, sailing, hiking and walking. Most people have an exercise plan in place to stay physically fit and healthy. We also hope all of our clients have a wellness plan to ensure they're fiscally fit. Sometimes people don't know where to start with getting their financial house in order. I've included a financial wellness check to help you get your finances broadly organized and healthy. It's a brief and basic review and may be just the reminder you need to get started with your financial fitness.

Please contact me if you have questions about your wellness check. As always, we're here to help you, your family and anyone important to you.

- Jeffrey J. Wilson, CFP®

FINANCIAL WELLNESS CHECK: ARE YOU STAYING FISCALLY FIT?

Understanding the current health of your finances starts with having a solid plan in place, but it depends on following the plan so you stay on track and continue working toward your financial goals. That's where a financial wellness check can be useful. It can help you make sure you're hitting the right milestones in your plan — and also help you check that your plan is working for you.

Where to start? Here, John Knowles, lead business growth strategy consultant at Wells Fargo Wealth & Investment Management, shares six questions that can set up your financial wellness check.

ARE YOU ADDING TO YOUR INVESTMENT ACCOUNTS ON A REGULAR SCHEDULE?

Saving often and early is rule No. 1 because of the power of compounding. When you leave any investment gains in your account rather than taking them out, those gains have the opportunity to start earning returns as well.

Taking full advantage of your employer's retirement plan — typically a 401(k) — is a good place to start. That includes contributing enough to qualify for any potential company match, something Knowles stressed to his daughter when she entered the workforce. "If the company is going to match you up to 5%, put 5% in at least," he says. Those nearing retirement may want to explore "catch up" contributions that allow you to add more to certain retirement accounts.

ARE YOUR ESTATE PLANNING DOCUMENTS UP TO DATE?

Estate planning documents should include a will, health care power of attorney (POA), durable POA for financial matters, and a list of your accounts and their respective contacts and account access information. You might also consider including a net worth statement, life insurance policies, property deeds, and a list of assets for your children, such as a 529 account, a trust, or a Roth IRA for kids.

Knowles says talking to loved ones is an essential part of estate planning.

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“Having those discussions, writing down your wishes, and then formalizing that through official documents is key,” he says.

DO YOU HAVE AN EMERGENCY FUND?

A good rule of thumb is to have six months’ worth of expenses in an emergency fund.

You might need your emergency fund even when an event is covered by an insurance policy. “If a natural disaster such as a hurricane does significant property damage, it takes a while for the insurance money to kick in,” he says. “And it could take a while for your employer to reopen so you can resume working.”

DO YOU HAVE A PLAN FOR PAYING FOR YOUR CHILD’S COLLEGE EDUCATION?

If you’re thinking about paying for your child or grandchild’s college education, consider starting to save beginning the day they’re born, Knowles says. “Make college savings a part of your monthly budget just like your retirement savings,” he advises. 529 plans and other college savings vehicles are worth considering.

ARE YOU BEING SMART ABOUT TAXES?

With accounts such as 401(k)s and IRAs, the money has the potential to grow tax-deferred. That means you pay taxes on the funds only when you withdraw during retirement. But with choices such as Roth IRAs or Roth 401(k)s, you pay taxes on the money at the start, but then don’t pay taxes when you take qualified withdrawals. (Other specialized accounts, such as Health Savings Accounts and Flexible Spending Accounts, may also provide tax advantages.)

“It really boils down to not putting all your eggs in one tax basket,” he says. “Putting most of your wealth in tax-deferred savings accounts means when you withdraw your money, you may potentially incur a large tax bill. Diversification with taxes in mind may help reduce it.”

ARE YOU GETTING ADVICE FROM A PROFESSIONAL ADVISOR ON A REGULAR BASIS?

Having a financial wellness checkup with a financial advisor and other professionals on topics such as taxes, estate planning, and insurance is like getting health input from a doctor, Knowles says.

A financial advisor can evaluate your situation by taking measurements on a regular basis or whenever a significant life event happens, such as a job change, marriage, or divorce. This can help determine where you stand and what actions to consider. “Doctors don’t ask you what your blood pressure is, they find out,” he says. “Once they have all the data they need, they make a recommendation. In this case, it’s your financial advisor prescribing what can help improve your financial well-being after taking all the necessary measurements.”

WILSON PEAK
WEALTH MANAGEMENT

Jeffrey J. Wilson, Managing Principal
CERTIFIED FINANCIAL PLANNER™ professional
600 E. Crescent Ave, Suite 202 | Upper Saddle River, NJ 07458
Office (201) 730-1900 | Fax (201) 661-8944 | **Cell/Text (201) 597-0025**
jeffrey.wilson@wilsonpeakwm.com
www.wilsonpeakwealthmanagement.com