

PERSONAL FINANCE DECEMBER 14, 2016 1:32 PM

Year-end planning tips

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The busy holiday season is upon us and the year is coming to an end, meaning it's time to review some personal financial planning items. Your review list may include time-sensitive items and opportunities that could be lost as the calendar turns.

Year-end tax considerations

It's a good idea to estimate what your capital gains distributions will be for the year. Most mutual fund companies will tell shareholders ahead of time what they plan to distribute to shareholders and when. It's possible for an investor to avoid these gains in some circumstances. It's also a good idea to determine if any capital gains losses are available and if so, if it would be wise to sell before the end of the year to "harvest" these losses and reduce capital gains taxes for 2016.

To lower taxable income, be sure to maximize contributions to 401K and other retirement accounts. While 2016 IRA and Roth IRA contributions can be made until April of 2017, employer sponsored retirement plans typically have a contribution deadline of the end of the calendar year.

Determine if there is money left in your Flexible Spending Account. Will it be lost at the end of the year? Deposits to Health Savings Accounts and 529 Savings Plans can be valuable ways to save for health care and education expenses while reducing current income but their contribution deadlines are December 31st.

Make sure to make any charitable contributions by the end of the calendar year and don't forget to save receipts for "non-cash" contributions to organizations like Goodwill.

Your Personal Financial Statements

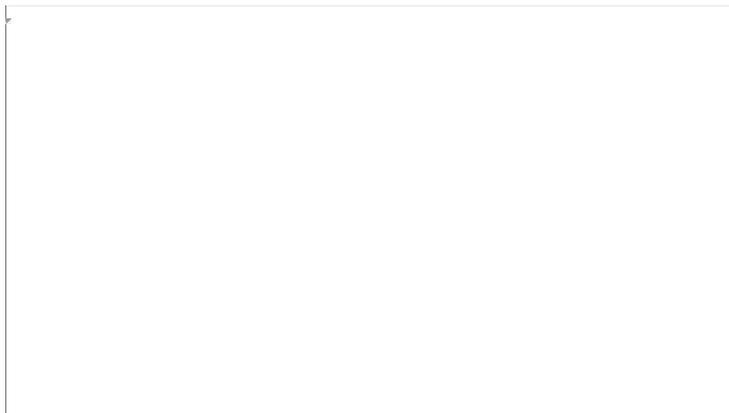
The end of each year is a good time to review your annual budget and net worth statements. Review the current year's income and expenses and evaluate them. Are you saving enough? How much of your income is spent servicing debt? How do your income and expenses compare with the prior year? Create a budget for the coming year that will help you accomplish your overall financial goals.

Reviewing your net worth on an annual basis is good idea. Is it higher or lower than the prior year? And why? The goal of a financial plan is to increase net worth. Any increase in your assets or reduction in your liabilities will accomplish this result.

Review Your Investment Portfolio

There has been significant stock and bond market activity recently. Since the November presidential election, US stock markets have reached all-time highs and interest rates have climbed sharply. This is a good time to review your investment portfolio and determine if any changes need to be made. When markets are volatile, investment allocations can become out of balance and may need to be adjusted. Consider if you should prepare your portfolio for increased market volatility for 2017.

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There are other financial considerations not discussed above. For example, it is wise to review your estate plan each year and determine if you have the appropriate legal documents in place. An annual review of your insurance policies is necessary to ensure you have the proper coverage. There are many other items to consider and it is best to have a comprehensive financial plan in place.

Happy Holidays and best wishes for 2017!

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