



BROADWAYGRAHAM

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Ring in the New Year with Financial Planning: Five Must-Do Steps

As the New Year approaches, it's time to not just make resolutions but to set concrete financial goals for the upcoming year. Whether you're young, have a family, or are nearing retirement, taking stock of your financial situation is a crucial step towards achieving long-term success. Here are five essential financial New Year goals to consider.



Connor Carnduff, CFP® | Financial Advisor

1) Perform a Net Worth Update:

Start the year by gaining a clear understanding of your financial health. Calculate your net worth by subtracting your liabilities from your assets. This annual practice helps you track the growth of your net worth and provides insights into the diversification of your assets, such as real estate, investment accounts, and cash.

2) Review Beneficiaries and Asset Titling:

Ensure that your beneficiaries on retirement and investment accounts are up-to-date. Implement a transfer on death (TOD) designation for investment accounts, streamlining the inheritance process. Consider this an opportunity for estate planning, reviewing your trust, will, and healthcare and financial power of attorney.

3) Maximize IRA Contributions Before Tax Filing:

If you missed maxing out your Traditional or Roth IRA before the New Year, don't worry. You can still make a full contribution for the previous year before the tax filing date in the New Year, as long as you had earned income. Take advantage of this if you have the ability.

4) Conduct a Comprehensive Investment Portfolio Review:

Take a moment to assess if the risk in your investment portfolio aligns with your current financial goals. Adjust your risk profile as your objectives evolve, especially if you're approaching retirement. Ensure your investments are properly diversified to mitigate risk effectively. Doing a portfolio stress test to understand how your portfolio would perform under various scenarios is a smart practice as well.

5) Stay Committed to Your Financial Goals:

While setting New Year financial goals is a good start, the real challenge lies in maintaining consistency throughout the year. Life can get hectic, but it's crucial to stay accountable and regularly revisit your financial goals to ensure you're on track.

Conclusion:

As you welcome the New Year, these five financial planning steps will lay a solid foundation for your financial success. If you feel like you need help with any of these steps, please don't hesitate to reach out!

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