



Financial Planning Checklist

Current Income Planning:

- Calculate cash flow for prior 12 months (= Income - Expenses)
- Separate out “Discretionary” spending
- Determine possible retirement fund contributions (“easy” to “stretch”)
- Set up an “Emergency Fund” (~6 months of expenses in readily liquid assets)

Insurance:

- Adequate coverage for dwelling (i.e., replacement cost)
- Additional coverage for collectibles, jewelry, silverware (~\$26/oz.)
- Umbrella liability coverage (at least \$1 million)
- Increase deductibles on auto, homeowners policies to decrease premiums
- Check for correct beneficiaries on life insurance policies
- Check that life insurance coverage is suitable for current financial situation
- Investigate Long Term Care Insurance options

Tax Planning:

- Ensure that tax saving strategies are consistent with current/pending law changes
- Make sure that various investment vehicles are in the proper type of account (i.e., taxable, tax-deferred)
- Determine optimal amount to convert from IRA to a Roth IRA each year
- Harvest unrealized losses/gains to offset realized gains/losses
 - Use up to \$3,000 of non-offset losses to reduce income
- Maximize contributions to your retirement plans

Estate Planning:

- Have all four basic documents (Will, Durable Power of Attorney, Health Care Proxy, Living Will) plus Letter of Instruction
 - Are they current? (i.e., reviewed within past 3-5 years)
- Establish a Revocable Living Trust if you have minor children
- Check for proper titling (i.e., beneficiary designations) of all investment assets
- Plan around estate tax laws to reduce/eliminate taxes of appreciated assets
- If your assets exceed estate tax thresholds, investigate trust alternatives



Investment Management:

- Consolidate assets (especially inactive 401(k) accounts) to simplify management
- Make sure portfolio risk is consistent with your level of risk tolerance
- Replace high expense assets with similar lower expense ones
- Reduce the duration of your bond portfolio

Retirement Income Planning:

- Estimate % of current Expenses needed in retirement (plan on lower taxes, higher leisure spending; downsized house?)
- Make sure that current savings rate and realistic asset growth are consistent with target retirement age
- Don't forget to factor TAXES and INFLATION into planning process
- Establish a plan to provide a stream of income in retirement that is predictable, sustainable, and increases to keep pace with inflation
 - Ensure that retirement asset mix is consistent with this
- Develop a tax-efficient withdrawal strategy from different asset classes
- Consider annuitizing a portion of your retirement assets (immediate, deferred)
- Develop a retirement income withdrawal plan:
 - Sustainable withdrawals consistent with possible longevity
 - Retirement asset mix that balances risk with returns

= Needed now

= Needed just prior to and during retirement