

Your (Financial) New Year's Resolutions

Well it's a New Year and the start of a new decade, 2020. Most of us will be restarting our gym routine, making an appointment with our personal trainer, or getting back into that spin or yoga class vowing to get back in shape.

I thought for this month I would give you some financial New Year's resolutions that might be helpful getting your personal financial life in shape. I've divided them by age.

Ages 25-35: Get a will done. In Virginia it must be in writing and signed. If you have no will and pass away, the Commonwealth gets to decide where your property goes. **Match the match.** If you have a retirement fund and an employer match, don't leave money on the table. At least defer as much as your employer's match to get the maximum from your employer into your retirement account. **Put your retirement in a Roth,** if your plan allows for it. If you're younger, the pre-tax contribution may not make much of a difference on tax savings, so use the Roth 401k. If you have children, **start their 529 plans.**

Ages 35 – 45: Consider buying a home. As long as you are going to be somewhere longer than 5 years it will probably make sense for you to buy rather than rent. Interest rates are low and you will be building equity (savings) in your new home. Work with a CFP® to develop some life goals and **develop a financial plan.** Update it yearly or as your situation changes. **Review your life insurance plan.** If you own a home and have a family, life has gotten more complex. You will never be healthier, so life insurance will probably never be cheaper.

Ages 45 – 55: These will be some of your peak earning years so be sure to **max out your retirement plan.** Including your "catch up" after age 50. **Make debt a thing of the past.** Secured loans (mortgage, boat, second homes, etc.) excluded. You should have no credit card debt.

Ages 55 – 65: Develop a plan to pay for long term care. According to a recent Genworth survey, the cost of a private room at a nursing facility in Virginia was over \$ 100,000 per year in 2018. Review your estate plan and **consider setting up a revocable trust** to help your spouse manage your estate plan. **Hold a family meeting** to let your family know your estate plans.

Ages 65 – 80: Walk, bike, yoga, and/or swim to **keep your body active.** Go back to school, read, play bridge, and engage with other people to **keep your mind active.** **Develop a distribution plan** to fund your retirement expenses with your accounts, pensions, and Social Security and **stay within your budget.** If you have been fortunate with your wealth **develop a gifting plan to help others.** If you have been blessed with good health, use your skills to **give back to others.**

I hope one or two of these ideas help you have financial success and happiness in 2020. Happy New Year!

Michael R. Kalas, CFP®, AIF® is a financial advisor located at Potomac Financial Private Client Group, LLC. 11130 Sunrise Valley Drive # 130, Reston, VA 20191. He offers securities and advisory services as a Registered Representative and Investment Adviser Representative of Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Adviser. He can be reached at 703-891-9960 or at mike@potomacfinancialpcg.com.