

# Basic Financial Planning Checklist

| Date | Item   | Actions needed   |
|------|--|--|
| _/_  | <p><b>Develop a financial reserve.</b> Being prepared (with 3 to 6 month's living expenses) can help relieve some of the financial anxiety we often feel.</p> <p>Consider an automatic savings plan with some amount being deposited into a savings account from each paycheck. The fund will grow and you may end up not even missing what is saved each month.</p>   | <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> </ol> |
| _/_  | <p><b>Get rid of high interest rate credit card debt.</b> Interest rates on some credit cards are high. If you are carrying over balances and paying interest, cut down on your card use, pay more than the required monthly minimum and eliminate this expense. Also, you may want to consider a different credit card that offers a lower rate.</p>  | <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> </ol> |
| _/_  | <p><b>Develop a household budget.</b> This is often one of the most dreaded parts to being financially responsible. To make the process less dreaded, call it a "household spending analysis." Determining how you spend your money will probably lead to identifying how to reduce some expenses.</p>   | <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> </ol> |
| _/_  | <p><b>Save for retirement.</b> Start with your employer's retirement plan. Review the details to ensure you get as much of the "company match" as possible.</p> <p>After considering your employer's plan, consider contributions to an IRA or Roth IRA. The tax deferred compounding aspects of these plans enable your funds to grow faster.</p>   | <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> </ol> |
| _/_  | <p><b>Be sensitive to taxes.</b> No one likes to pay more income taxes than absolutely necessary.</p> <p>Be aware of the opportunity of deducting certain items like mortgage interest, state and local taxes, charitable contributions and certain medical expenses. Also, consider the preferential tax treatment from capital gains on your investments.</p>  | <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> </ol> |
| _/_  | <p><b>Have a sensible investment strategy.</b> Start with an asset allocation goal that divides your investments into equity, fixed income and cash investment categories.</p> <p>Your initial asset allocation should be based on your time horizon (age) and how you feel about taking risks. The younger you are and the more comfortable you feel with risk, allocating a larger portion of your funds to equities may help you earn the higher returns of stocks that have historically been available. Remember that all investments involve risk and that past performance is no guarantee of future results.</p> | <ol style="list-style-type: none"> <li>1.</li> <li>2.</li> <li>3.</li> </ol> |

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| <p>__/_</p> | <p><b>Be adequately protected.</b> Insurance provides protection against the unknown.</p> <p>Make sure your possessions, life and health are adequately insured.</p> <p>Examine the level of deductibles and the coverage amounts to get the protection you need at the lowest cost.</p>  | <p>1.</p> <p>2.</p> <p>3.</p> |
| <p>__/_</p> | <p><b>Take care of estate planning.</b> Having a well thought out will can ensure that your assets are distributed as you desire on your death and can help reduce any estate taxes that may be due. But estate planning is more than reducing taxes.</p> <p>Your estate plan should include documents that designate someone to make financial decisions if you are incapable of making them (durable power of attorney for finances) and that designate someone to make medical decisions if you are incapacitated (durable power of attorney for health care).</p> | <p>1.</p> <p>2.</p> <p>3.</p> |
| <p>__/_</p> | <p><b>Finally, organize your records.</b> Having a system for handling monthly expenses can reduce the stress and time needed to handle your everyday finances.</p> <p>Using a system to keep track of investment and tax records will make every tax season less "taxing."</p> <p>Keep other important information organized. Having to hunt for the name of your insurance agent, an account number, a frequent flyer number or any other bit of information can be a waste of time.</p>  | <p>1.</p> <p>2.</p> <p>3.</p> |