

Spring Check-Up!

Each year, we recommend that investors do a financial spring cleaning. This process may seem daunting to those who are embarking on the process for the first time. However, once an annual routine is established, the exercise tends to become less time consuming and stressful.

To begin the process, one should simply reflect on his/her financial goals, investment objectives and risk tolerances. In other words, where are you now, where do you want to be in the future, and are you on track in achieving these goals? Have you taken steps in your current plan to protect you from the next market downturn?

Update your estate plan. For some, this may simply include a will, health care directives, financial power of attorney, etc. Others may require the establishment of trusts and more sophisticated planning. Once created, you should review these documents on a periodic basis with an estate planning attorney to ensure that your documents are up to date based on current laws and your family circumstances.

Insurance coverage also plays an important role in one's financial plan. Of course, there is no cookie cutter approach; it is very personalized to each individual. But do you really know what coverage you have on your home and auto? Do you have life, long term care and disability insurance? Is the amount of your coverage appropriate with your current situation

and financial plan? If you don't have coverage, should you? When was the last time you reviewed your needs with your insurance agent?

An examination of one's indebtedness is also important. This includes one's mortgage, auto loans, credit card balances, etc. At a minimum, consumers can get a free credit report from www.annualcreditreport.com. This document is a great place to start and will highlight all of the consumer debt that you have applied for during your life. You may find that you have open lines of credit with companies that you haven't done business with for years. Moreover, you may learn that financial services companies are regularly reviewing information regarding your credit history, oftentimes without your knowledge or consent.

There are steps you can take to minimize this invasion of privacy. First, you can reduce the amount of junk mail by registering your address on a Do Not Mail registry. Second, you can request the credit bureaus to not release this information by contacting each firm directly. The directions on how to do this is provided on the annual credit report form.

For a small fee, one can also learn their credit score. While it may not be necessary to review this information annually, it may be worthwhile to periodically update your records to insure that your credit history is clean. Also, any misinformation can be corrected.

local independent personal accessible
interactive creative local independent personal
knowledgeable thoughtful ethical experienced

If you do not pay off your credit card balances in full each month, do you know what interest rate you are paying for this convenience and how does this interest rate compare with the interest rate you are receiving at the bank for idle funds in your checking and savings account. Are you also maximizing reward points with your credit cards?

Tax time is less than a year away. Do you have a system to organize your files? Can you take charitable deductions to minimize next year's taxes? Are there any other strategies that you can employ to lower your tax?

Many investors have company sponsored retirement plans, oftentimes with matching programs.

Surprisingly, many individuals are not maximizing their contributions to take advantage of matches. Also, one may wish to consider maximizing one's IRA contributions, where possible. A conversation with one's accountant prior to year end can be invaluable to get one's tax life in order.

Admittedly, this list may not have covered every strategy for getting one's financial affairs in order. However, hopefully it sets a tone that investors can benefit greatly by participating in an annual spring cleaning of their financial house. It is amazing what you might find.

David B. Bergman

The information and content provided is general in nature and is for informational purposes only. The information made available to you is not intended to be a recommendation. Sigma Investment Counselors does not provide legal or tax advice. Federal and state laws and regulations are complex and are subject to change. You should contact your legal or tax advisor for advice or guidance regarding your specific situation prior to taking any action based upon this information.

Please remember to contact Sigma Investment Counselors if there are any changes in your financial situation or investment objectives