

A FINANCIAL SPRING CLEANING

As the days get longer and warmer, many of us tackle the projects that accumulated over winter – cleaning the grime off of windows, dusting the top of the ceiling fan, and decluttering. With the new season, it makes sense to do an annual financial spring clean as well.

Many of us have just completed our tax returns and either sent or received a check to/from the treasury. With that in mind, it's appropriate to review contributions to tax preferenced accounts. If you are still working, review your contributions to your retirement accounts. With your advisor, determine if it makes sense to contribute to your Roth accounts, your traditional pre-tax accounts, or a mix of both. It would also be appropriate to discuss the amount of contributions, and if you are 50 or older, if you should be making "catch up" contributions to any of these accounts. If you are enrolled in a High-Deductible Health Care Plan, speak with your advisor about the prudence of opening and funding a Health Savings Account. Contribution limits vary based on who is covered under the plan. If you have retired, talking through strategies to reduce taxes on retirement distributions is prudent. In some cases, converting pre-tax assets to Roth assets before you are required to take minimum distributions can smooth tax brackets over time.

Spring is a time of new beginnings; if there have been changes in your family circumstances, it is also appropriate to review your estate planning

documents. If you have already drafted an estate plan, it is appropriate to review the people you have named to help you. Is your medical power of attorney local, and best qualified to make medical decisions on your behalf? Is your financial power of attorney still of sound mind? Have there been any births or deaths in the family, necessitating a change in the beneficiaries of your estate? Having these documents drafted is critical, but ensuring your documents remain up to date should also be a priority.

It is also important to make sure that you and your families are sufficiently protected from unforeseen circumstances. Review your various insurance policies. Ensure that your home is appropriately protected – if you have made significant upgrades, you may want to increase the coverage on your homeowner's insurance. New driver? Be sure they are covered in your auto insurance policy. If you have a spouse or children, ensure that your life insurance coverage is sufficient to support your family should your income disappear. Conversely, if you have sufficient assets saved, you may be able to drop a life insurance policy, or reduce coverage (always complete a medical checkup and get a clean bill of health before dropping life insurance policies). And, review your disability insurance coverage to determine if it is still appropriate.

Finally, spring is a good time to review your financial goals. As we clean and declutter the

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house, we may note that we need a new roof, or a fresh coat of paint. Or, the promise of summer may have us rethinking larger financial goals – a cottage on a lake? An earlier retirement with more time for golf, reading or grandchildren? If your goals have changed, set up a time to meet with your advisor and plan for the new future, and ensure your investments are aligned to help you achieve those goals.

As always, we're here to help in each new season of life – we hope you have a beautiful spring!

Amanda E. Lehnert, CFP®

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