



First Quarter 2021

Start Off the New Year in Control

Feeling a bit shellshocked by the passage of 2020? Between Covid 19, record-breaking forest fires, hurricanes, tornados, riots, and political turmoil, 2020 was either one to remember or one you would really like to forget. Unfortunately, many of the problems of 2020 still continue, but there are steps you can take to have a sense of control over your life.

1. Reality check your financial situation.

Start by updating your net worth statement. This is a listing of your assets and liabilities designed to help you understand what you have, what you owe, and what your actual net worth is. Your assets include checking and savings accounts, brokerage accounts, retirement accounts, annuities or the cash value of life insurance accounts, money owed you, real estate, and collectibles or personal property that could be sold to help meet expenses. Liabilities include money you owe such as outstanding mortgages, business loans, automobile or personal loans, alimony, credit card balances and unpaid bills.

The difference between your assets and your liabilities is your net worth.

2. Next, take a look at your income and living expenses.

Income includes money you receive each month from employment, investments, retirement accounts, alimony and child support, government benefits such as Social Security or disability payments, or other income sources. Living expenses include the costs you incur each month for housing, utilities, food, transportation, insurance costs, loan and credit card payments, entertainment, personal purchases, etc.

- Are your income sources secure?
- Do incoming funds cover your living expenses?
- Do you need to tap into your assets to meet expenses?
- Are there expenses you can eliminate to give you a cash cushion?

With this information, you can gain a pretty good idea of whether or not you have enough money to live on, how long it might last, and whether or not you should be worried about the future. It also gives you a good starting point to sit down with your financial advisor for a second opinion and an idea of how you might improve your financial position.

3. Make sure your insurance coverage is adequate.

The scale of the physical damages over the past year is mind boggling. If you have a business, is it adequately insured for riot damage, storms, fires and other potential disasters? Is your home insurance adequate? Replacement value insurance typically only covers your property up to 10 to 20% over the stated value of your home on the policy. If that value is too low, your insurance settlement may be insufficient to replace your home. Can you afford your health insurance coverage if you are laid off or your employer files for bankruptcy? What other options do you have for health insurance?

Disability insurance provides income should you be physically unable to work. If you have dependents who rely on you for financial support, life insurance may be your best tool to protect them in the event of your death.

4. Minimize the risk that you might be a victim of identity fraud.

Check your credit report. A credit report is the single best tool you have to make certain you are not a victim of ID theft and that your credit score is accurate. Order your free annual credit report online at www.annualcreditreport.com, by calling 877-322-8228, or by completing the Annual Credit Report Request Form (available on line at www.annualcreditreport.com) and mailing it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

www.annualcreditreport.com is the only authorized source for your free annual credit report from the three nationwide consumer reporting companies, so don't fall for marketing pitches from other organizations offering to provide you with a free credit report. Those offers typically come with strings attached. When you contact the site, request credit reports from all three of the major credit bureaus – TransUnion, Experian and Equifax. If anything looks wrong on your report, contact the credit bureau at once.

- Consider closing credit accounts that you do not use.
- Contact your credit card providers and financial institutions to set alerts on your accounts that will let you know if there is any abnormal activity.
- If desired, freeze your accounts to prevent any new credit or loan accounts being established in your name (Caution: This can also prevent legitimate vendors from making credit checks.)
- Carry just one credit card and a limited number of checks.

5. Review your will and beneficiary designations.

The news media have provided a constant reminder of our mortality over the past year. But even without Covid 19, you should have a current will and up-to-date beneficiaries for your retirement accounts. These documents are also essential to avoid lawsuits and family fights should you die (forgetting to change an ex-spouse on an IRA can have disastrous consequences for your new spouse or family). Without a binding will and designated beneficiaries, state and federal laws (and sometimes the courts) determine who will receive your assets regardless of what you might have intended.

6. Review powers of attorney you have put in place

You can grant anyone a Power of Attorney (POA) to act on your behalf, generally on limited legal issues, such as executing a stock power, handling a tax audit, or maintaining a safe-deposit box. While a POA can be revoked by the principal at any time, it typically ends at the principal's death or incapacitation. A Durable Power of Attorney, however, gives your agent the right to continue acting on your behalf should you become incapacitated, typically in financial and health care decisions.

A Durable Power of Attorney can prevent a court-appointed guardianship should you become incapacitated or incompetent to manage your affairs. In the case of a health care POA, your agent is able to make medical decisions on your behalf, guided by the instructions in the POA document. But a POA gives considerable power over your life to another individual and should never be set in motion and then forgotten. Review any and all Powers of Attorney you grant to others on a regular basis and make certain you are still comfortable with your relationship. And, have a qualified attorney second-guess your POAs to make certain they achieve what you want and minimize the potential for abuse.

7. Make an appointment to visit with us.

If you are not able to visit our offices, we are getting very good at digital conferences and remote conversations. We welcome questions about your portfolio and your financial worries. This has been a very difficult time for everyone, but it is much easier to cope with when you can talk about

your concerns and get help when you need it.



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