

## Welcome to 2023! – Start it off Right

### Managing Your Money

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I love the beginning of a new year! I feel like I have a clean slate to set new goals and leave behind what I don't want to carry forward.

Undoubtedly, when most people set goals for the upcoming year, they are usually focused on improving health, finances, relationships, and lifestyle. When it comes to improving finances, this can simply mean “taking stock” and making sure all the boxes are checked and you're dotting the i's and crossing the t's.

Below is a checklist to help you do a “check-up” on your finances to start the year right. One or more categories may stand out as needing a deeper dive, so the goal may be to get each section checked off by the end of 2023.

- **Cash or short-term funds** – Do you have savings available for emergencies or even to take advantage of opportunities in the market? This could be managed by you or within your investment portfolio. The amount you should have will depend on a number of factors (sources of current income, expenses, accessibility to a line of credit, etc.)



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- **Cash flow** – Do you know what's coming in vs what's going out? Regardless of your spending level, it's an interesting exercise to check in now and then with your lifestyle expenses. (Contact us for a copy of our Lifestyle Expense Worksheet).
- **Balance sheet** – Do you know clearly what you own and what you owe? Especially with the volatility we have been experiencing with markets and interest rates, it's a good time to check in on your balance sheet. You may find an opportunity to consolidate higher interest debt to reduce your overall costs. Debt can be good, especially if it's used for investment purposes - but with higher interest rates, it may be a good time to look at paying it off. Keeping track of what you own has become harder than it used to be. With more and more paperless statements, it's easier than ever to lose track of accounts. Last year I actually had a client call me, somewhat embarrassed, to tell me that she just “found” \$100,000. It was an old account that she hadn't looked at in years and had completely forgotten about because she wasn't receiving statements.
- **Portfolio** – When did you last review your portfolio (whether you have an advisor or are managing

**Making a checklist is a very good way to take stock of your financial situation and make adjustments as needed during the course of the coming year**

alone)? When was your risk tolerance last discussed? Does the portfolio still fit? Is your portfolio set up well for the economic environment we're in? Are you taking advantage of opportunities and adapting your portfolio to changing market conditions?

- **Taxes** – This is a big category because different strategies apply to different situations. Are you minimizing your personal tax bill now and at death on property? Assets? Are you maximizing income splitting opportunities? If you own US assets, have you taken steps to minimize US estate taxes? If you're a business owner, are you minimizing your corporate tax bill and have you considered an estate freeze?
- **Protection** – Again, a very much situational goal, protection can mean different things to different people. Are you protected in case of job loss, illness, disability? Who's important to you? Are they protected if something happens to you?
- **Legacy** – We can't live forever - but we can plan for the future, even after we're gone. It's possible to provide significant security to future generations as well as tax savings simply by planning well. At the very least, ensure that all basic estate planning documents are updated – will, power of attorney, mandate.

- **Goals** – Lastly, but probably most importantly, revisit your wealth goals yearly. Of the above categories, some may stand out as being more important than others. You may have more specific goals in mind based on your particular situation or a more general goal of simply making sure your whole wealth situation is in order. Either way, goals are an ideal place to start.

*“Begin the year with a quick check-up of your wealth situation. Use it as a starting point to develop a plan for the year.”*

Begin the year with a quick check-up of your wealth situation. Use it as a starting point to develop a plan for the year, which may involve getting a second opinion on your portfolio or your estate plan. It may mean beginning the steps to set up family trusts or incorporating. Or it may be as simple as asking your advisor for retirement income projections based on where you are financially today. As with sports, it always helps to have coaches; involve your professional team of advisors, or find any key advisors that you may be missing to make sure you end 2023 ahead of where you started.

**f For more tips and insights on managing your wealth, follow me on FACEBOOK @Richardson Wealth - Ephtimios MacNeil Wealth Management**

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