

Financial Fitness Action Checklist

Below are twenty recommendations to improve your “financial fitness.” Don’t worry, though: Like physical fitness, financial fitness is an ongoing process, so you shouldn’t feel that you need to complete this entire list overnight. Just chip away at it, focusing on the most important items first. Good luck, and please contact me with your questions: adam.grossman@mayport.com.

Step 0 – Before Anything Else

- Have an emergency fund.
- Insure yourself against losses you can’t handle.
- Pay down high-interest debt.

Make a Plan

- Download a current statement from the Social Security website.
- Create a personal balance sheet (everything you own and everything you owe).
- Sketch out your financial goals using the Mayport planning template (contact me for a copy).
- Try to match a cash flow to each goal. Identify shortfalls and adjust accordingly. But remember to be flexible; these goals are not permanent commitments.

Investment Checkup

- Get all your assets on one piece of paper and categorize them (e.g., stocks, bonds, cash). Don’t forget your 401(k). Pencil in assets that *might* be coming to you.
- Determine whether your current asset allocation (stock %, bond %, etc.) makes sense in light of your goals. Adjust accordingly (but be careful of taxes!).
- Evaluate the funds you own on the basis of: (a) cost, including taxes generated, (b) fundamental value, (c) simplicity and (d) whether it relies on someone’s crystal ball. But most of all, cost! If you’re evaluating an advisor, apply the same criteria.

Insurance

- Make sure you are only insuring against losses *you can't handle*.
- Conduct a life insurance checkup. *Your plan* drives the amount and type you own.
- Be sure you have disability insurance (if you are still working).
- Consider umbrella insurance. It is inexpensive because it covers unlikely events.

Taxes

- Understand your tax return. Just focus on the big numbers on Form 1040 and on Schedules A (deductions), B (interest/dividends) and D (capital gains). Ask your CPA to walk you through it, pointing out highlights and opportunities for savings.

Estate Planning

- Determine where you are on the spectrum from “I want to spend my last dollar on my last day” to “I want to leave as much as I possibly can for my family”?
- A complete estate plan should include a will, a durable power of attorney and a healthcare proxy. Also consider a living will to help guide your healthcare proxy.
- Determine whether you will be subject to any estate tax (Federal and/or state). If so, consult an advisor to evaluate ways to save.
- Trusts can be helpful, but if you create one, don't forget to fund it!
- Revisit your estate plan periodically to be sure it still reflects your wishes.

Online Resources

- Research mutual funds at Morningstar.com.
- Download your Social Security statement from socialsecurity.gov/myaccount.