



FINANCIAL SECURITY
PLANNING SERVICES, INC.SM

Your 2016 Financial Calendar

January 2016

I would like to wish you a happy, healthy and peaceful 2016. I want to continue to support goals and resolutions you may have set for the year. Starting fresh is always a great feeling, but the scale of what we set out to accomplish sometimes becomes overwhelming as the year progresses.

Many start out the year with the best of intentions. We plan to scrupulously document spending, stick to a budget, pay down debt, and kick up investment contributions. We aim to get organized and create/update a will--two tasks that perennially appear on many folks' to-do lists. Trouble is, this is often too much radical change--and too much work--to tackle in a short period of time.

To help you keep moving toward your goals, I present a month-by-month checklist of some key financial tasks to consider throughout the year. You might even find that you've completed some of these items already!

January

- **Establish a will or trust.** Getting your affairs in order is one of the greatest gifts you can give your loved ones. If you've already established a will or a trust, review the documents with your attorney, making any necessary changes. Planning for your own disability or mortality isn't pleasant, which is probably why estate planning falls by the wayside in so many households. Others may assume that estate planning is unnecessary for them, given that the estate tax exclusion is well over \$5 million per individual, currently. But a basic estate plan--in which you determine who will inherit your assets, serve as a guardian for your minor children, and make important decisions on your behalf if you cannot make them yourself--is a must for people at all life stages and wealth levels.
- **Create a budget.** Establishing a monthly plan for spending and saving is essential, whether you're reevaluating your financial life or just trying to maintain good habits.
- **Get ahead on your mortgage.** If you can swing it, consider making a full extra payment toward your mortgage principal, which may help shorten the length of your loan.

February

- **Review life, home, and auto insurance.** Have you experienced a major life event in the past year, such as a marriage or birth? Any significant life changes may require a change in your coverage.
- **Revisit beneficiary designations.** Review your life insurance and retirement accounts to ensure that the correct people are listed. Many people aren't aware that beneficiary designations for 401(k)s, IRAs, and other accounts supersede the information they've laid out in their wills. Thus, if you've gone to the trouble of drafting a will or creating trusts, it's essential that your beneficiary designations sync up with what's in those documents.
- **Contact our office to establish or refresh your Investor360® portal.** Did you know your account and cash balances, monthly and quarterly account statements, tax and other documents, plus so much more, are available to you online? Through our Investor360® viewing your accounts and documents is simple, easy and available to you anytime. You even receive an email notification that your account statements are available for viewing! **We and the environment thank you.**

March

- **Check your investment portfolio.** As your financial advisor, I monitor your investment portfolio and holdings regularly. Nonetheless, you should be aware of where and how your assets are invested.
- **Explore financial aid options.** If you have a college-bound child, it's wise to get an early start researching the funding options available to you. A great place to begin is <http://studentaid.ed.gov>.

April

- **Go paperless.** I encourage you to switch to electronic delivery for all financial and non-financial account statements. If you haven't yet done so, it's time to do so. After all, each piece of financial documentation that passes through the mail puts you at greater risk of financial fraud. Before going paperless, make sure that your computer security is up to snuff. Please contact our office to see how we can help with this.
- **Review your Social Security statement.** Check your benefits information and earning record online, and update your personal information if necessary.
- **Tax return and quarterly estimated payment due date.** April 18, 2016 is your tax-filing deadline. It's also your deadline to file an extension if you need more time. Individuals will also need to make their quarterly estimated tax payments by this date. April 18 is also your deadline this year to make an IRA or health-savings account contribution for the 2015 tax year.

May

- **Make sure you have an adequate cash reserve.** Unexpected expenses can crop up no matter your life stage, making it essential to hold liquid

reserves--apart from your long-term retirement assets--to defray them. For most households, holding three to six months' worth of living expenses in true cash instruments is a good starting point.

- **Review 401(k), IRA, and SEP plans.** Consider increasing the amount you contribute to your retirement savings plan. We encourage you to meet with us to discuss the investment allocations in your 401(k) or other plan.

June

- **Quarterly estimated payment due date.** Quarterly estimated tax payments are due by June 15, 2016.
- **Check your credit report.** Request your free credit report at www.annualcreditreport.com and review it carefully for mistakes or suspicious charges, which could be a sign of identity theft.
- **Shred old documents.** Any financial documents that you no longer need should be destroyed to ensure that they don't fall into the wrong hands.

July

- **College 529 savings plans*.** Withdrawals from 529 plans are tax-free when used for qualified higher education expenses, making them an excellent way to save for a child or grandchild's schooling.
- **Request a portfolio review.** Mid-year is a good time to conduct a portfolio checkup. Focus on the fundamentals of your portfolio, including its asset allocation, whether your savings and spending rates are on track, and salient changes with your holdings.

August

- **Review online accounts.** If the passwords for your online accounts are too basic, consider changing them as a security precaution.
- **Develop a plan for your digital estate.** Do you have a plan for your digital footprint--your social-media or email accounts? If not, I recommend creating one.

September

- **Quarterly estimated payment due date.** Quarterly estimated tax payments are due by September 15, 2016.
- **Assess your overall investment goals and strategy.** It's wise to reevaluate your financial goals every year. We can discuss any changes you've recently experienced and help you adjust your financial plans accordingly.
- **Revisit your budget.** Look back at the plan you made in January and decide whether to adjust your budget or stick to your current strategy.

October

- **Contact your tax preparer for year-end tax planning.** Before tax season hits, speak with a tax preparer about changes in your personal circumstances, expiring tax breaks, and so on.

- **Consider charitable giving.** Donating to charity at year-end is a popular way to do good while reaping potential tax deductions. This may be an item to discuss with your tax preparer.

November

- **Review the balance in your flexible spending account (FSA).** FSAs require special attention so that you don't lose unused funds at year-end. Under a new law, employers may allow employees to roll over \$500 in FSA funds to the next year. Be sure to check the rules of your FSA plan.
- **Consider refinancing high-interest debt.** Consolidating your mortgage, credit card, or car loan payments can make your financial life more efficient (and possibly lower your overall interest rate).

December

- **Be generous.** If giving financial gifts to loved ones is on your to-do list, you can be exceptionally generous without making your estate susceptible to the gift tax; each individual can gift up to \$14,000 per person per year. Year-end is also a good time to squeak in charitable contributions that may lower your tax bill. For instance, anyone subject to required minimum distributions can direct their RMDs to charity, thereby reducing their taxable income for the year.
- **Important year-end deadlines.** Dec. 31 isn't just New Year's Eve, it's also your deadline for a number of financial to-dos, such as 401(k) contributions. Anyone required to take minimum distributions from traditional IRAs and 401(k)s will need to do so by Dec. 31 as well.
- **Pay off credit card balances every month.** For the New Year, make a resolution to pay off your credit card balances every month, if you're not doing so already.

Milestone events

In addition to the monthly tasks outlined here, keep these significant planning milestones in mind as you near them:

- **Age 50:** Consider making catch-up contributions to IRAs and qualified retirement plans.
- **Age 55:** You can take distributions from 401(k) plans without penalty if retired.
- **Age 59½:** You can take distributions from IRAs without penalty.
- **Ages 62-70:** You can apply for social security benefits.
- **Age 65:** You become eligible for Medicare.
- **Age 70½:** You must begin taking required minimum distributions from IRAs, 401(k)s, and 403(b)s.

Although this may seem like a lot of information to take in at once, glancing at the checklist each month and being ready for important dates can greatly improve your sense of financial security, granting you peace of mind in 2016 - - and beyond.

My staff and I deeply appreciate the continuing opportunity to work with you. Please let me know if you have any questions or requests. Thank you.

Sincerely,

Paul S. Bonapart, JD, RFC, AIF®[®], President
Financial Security Planning Services, Inc.
520 Tamalpais Dr, Suites 103 & 104
Corte Madera, CA 94925
(415) 927-2555

www.FinancialSecurityPlanning.com

CA Insurance License No. 0808412

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*The fees, expenses, and features of 529 plans can vary from state to state. 529 plans involve investment risk, including the possible loss of funds. There is no guarantee that a college-funding goal will be met. In order to be federally tax-free, earnings must be used to pay for qualified higher education expenses. The earnings portion of a non qualified withdrawal will be subject to ordinary income tax at the recipient's marginal rate and subject to a 10-percent penalty. By investing in a plan outside your state of residence, you may lose any state tax benefits. 529 plans are subject to enrollment, maintenance, and administration/management fees and expenses.

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-Portions of this commentary authored by Commonwealth Financial Network.



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