



Year-End Preparation List

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Presented by Paul S. Bonapart



With Many Thanks, Happy Holiday!

A Year-End Preparation Checklist

Are you ready for colder weather and the end-of-the-year rush? Consider using some of these tips to help you save money and time as winter approaches.

Max out your retirement contributions

- Are you taking full advantage of your retirement account? The end of the year is a good time to reevaluate your contributions based on what your employer is willing to match.

Check the 2014 retirement plan limits below to ensure that you're making the most of your contributions.

RETIREMENT PLAN LIMITS	YEAR 2014
401(k), SAR-SEP, Sec. 457(b), 403(b) Elective Deferral Limit	\$17,500
Age 50+ Catch-Up for 401(k), SAR-SEP, 457(b), 403(b)	\$5,500
SIMPLE Elective Deferral Limit	\$12,000
Age 50+ Catch-Up for SIMPLE IRA	\$2,500
Traditional and Roth IRA Contributions	\$5,500
Age 50+ Catch-Up for IRA and Roth IRA	\$1,000

Invest in your health

- Don't put off getting in shape until the New Year-start now! Check with your employer and health insurance provider about discounts or reimbursements for fitness and wellness activities. You may be able to take advantage of those programs for end-of-the-year membership dues.
- 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, companies may allow employees to roll over \$500 in FSA funds to the next year. Be sure to check the rules of your FSA plan and review your available balance.

Consider Long Term Health Care Coverage

Should You Self-Insure for Long-Term Care Expenses? Self-insuring for potential long-term care expenses might seem like an easy solution, but it may turn out to be more costly than you think. Many people say, "If I need long-term care, I can simply liquidate assets." But liquidating assets is rarely a viable strategy.

Consider the reality of selling assets or liquidating accounts to pay for long-term care expenses. How much of your retirement investments would you need to liquidate to pay \$70,000-\$100,000 or more (after tax) in long-term care expenses? (Don't forget to consider the impact of potential market losses on your investments.) Or, imagine trying to sell a vacation home today to finance this cost. Could you get the fair market price of the property in a short period of time?

Most important to consider, however, is the fact that your assets drive your retirement income. How will dipping into those investments affect your or your spouse's cash flow?

In real life, people use income to pay for long-term care expenses. How much income do you need to be able to self-insure? You can use this chart as a starting point to help determine whether self-insuring for long-term care is right for you.

Average Annual Cost of Care*	If Your Annual Retirement Income Is:	Your Remaining Retirement Income After Paying Long-Term Care Expenses Would Be:	Potential Impact on Lifestyle/Family Obligations; Likelihood of Need to Liquidate Assets	Should You Self-Insure?
\$70,000	\$50,000	(\$20,000)	Significant	No
\$70,000	\$75,000	\$5,000	Significant	No
\$70,000	\$100,000	\$30,000	Significant	No
\$70,000	\$125,000	\$55,000	High	No
\$70,000	\$150,000	\$80,000	Moderate	Possibly

**The cost of care varies depending on geographic location, as well as the level of care required. Data as of January 1, 2014.*

Ready your home and car

Your house and vehicle can be costly to repair if you don't keep them in shape. Whether or not you're expecting a cold winter, it's wise to spend some time now on annual maintenance. Here are a few items to check on as the winter months near:

- Heating and cooling account for almost half of home energy costs. Ensuring that your windows and doors are sealed tight and that you have sufficient insulation will go a long way toward keeping heating bills in check.
- Have your home heating system serviced by a professional on at least a biannual basis to avoid emergency problems down the road. Drain your irrigation system to ensure that water won't freeze in the lines. If you have an old furnace, consider upgrading to a more efficient model. You may even want to schedule an energy audit to help you identify ways to boost your home's efficiency.
- Be sure to clean out your gutters. Clogged gutters can cause water to back up against the house, damaging roofing, siding, and wood trim. Debris-filled gutters can also lead to leaks and ice dams.
- Check your car battery and tires to avoid getting stuck unprepared on the road. Be sure that your car's emergency kit is fully stocked with extra gloves, hats, socks, blankets, boots, washer fluid, a flashlight, a car charger for your cell phone, a shovel, and flares.

Shop smart

Start thinking "holiday" long before the season officially begins. Getting a head start on your planning and shopping is a great way to keep holiday spending (and stress) under control.

- Buy your gifts early. Making a list well ahead of time and budgeting for each item can help you cut back on spontaneous last minute-spending.
- Fall can be the best time to purchase certain items. Appliances, patio furniture, jeans, candy, cookware, cars, electronics, toys, and wedding supplies are just some of things that may be discounted from October to December.
- If you're traveling by air for the holidays, finding affordable flights can be tricky. Start looking for tickets as soon as you decide to travel, and sign up for airfare alert services to stay on top of cheaper flights. In some cases, booking one-way tickets on separate airlines may be cheaper than purchasing a round-trip ticket from one carrier.
- Make your supermarket points work for you. Many stores let shoppers earn points that they can apply to larger holiday purchases. If you bounce from store to store, weigh the possible benefits of sticking to one during the holiday season.

Take a break

- More than a third of companies don't allow employees to roll over vacation days into the next year. If this is the policy at your workplace, be sure to take advantage of your vacation days now. Not only will you lose these days if you don't use them, but not taking time off can hurt your productivity and well-being.

Don't make the end of the year more stressful than it needs to be. By checking some items off your list a month or two earlier, you'll be free to focus on what's important during the holidays-spending time with family and friends.

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,

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