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Handy Tool Helps You Stay On Track

With credit and debit cards, Apple Pay, VENMO, along with a variety of other easy-pay methods, it's easy to lose track of how much you've spent. Here's a simple tool to use to help you keep track – a piece of paper. That's right – just wrap a strip of paper around your card or keep it in your wallet. Write down the date, amount, and store that you made your purchase.

The goal is to help you realize how much you are spending, and if necessary, delay some purchases.

For a printable template, visit the Resources page on our website at www.LFGplanners.com, then the Consumer Debt section.

Legacy Financial Group

"We inspire and empower you to create the life you want, on your terms."

The Legacy Report

Volume 13, Issue 2 June 2021

Ask an Advisor

READER QUESTION:

When you talk about writing a financial plan for me, what does that mean?

RESPONSE FROM SCOTT NELSON, FINANCIAL ADVISOR:

Everyone's financial life is like their very own unique puzzle. Our financial planning process helps you put all of your puzzle pieces together as life unfolds, and a written plan helps bring clarity and confidence to your financial future. The value is not just in the planning output alone, but in the financial outcomes.

We find our clients are often ready to take a deeper dive into their finances with a written financial plan. Are you looking ahead to goals (i.e. retirement, college, debt free) and wanting to know if you are on track to meet them? You may also wish to lay out scenarios of the curveballs that life might throw at you. Are you covered? Are there action steps to take or adjustments to make now to help ensure you meet future goals?

What does a financial plan look like? First are your goals. Don't overlook the importance of setting goals. How do we know if you're hitting your target unless we know what you're aiming at. Then five other categories come into play: cash flow, risk management, investment allocation, tax planning, and estate planning.

Here's where we need input from you. What do you have saved or invested? What debts do you have? When will they be paid off? What income and expenses do you have each month? What benefits are available with your employer? The more information we have, the more in-focus your picture becomes.

We offer you access to your own confidential webpage where you can record the requested information, and it can serve as your electronic vault for all things financial. You can store your documents here – i.e. wills, trusts, letters of instruction, insurance policies. You also have the option to track spending and expenses, an especially good exercise as you get closer to retirement. And you can monitor your progress in reaching your goals.

Then we crunch the numbers and lay out a variety of what-if scenarios that you have discussed with your advisor; and we present them to you, along with suggested adjustments or action steps. And you'll continue to meet with your advisor on an intermittent basis to check in on where you are on your goals and action steps.

Is there a fee for a plan? Yes, usually dependent upon the complexity of your finances. Your advisor can give you more information during your conversation.

Financial planning and advice are what we do. Legacy Financial Group is a Registered Investment Adviser. That means we are fiduciaries and always work in the best interest of our clients. We work for you!

Give your advisor a call today to arrange for your financial plan, or gift one to a family member or loved one.

Happy Retirement!

Congratulations, Kathy!

Kathy Krogmeier retired in May after nine and a half years with Legacy Financial Group. She is looking forward to volunteering more time with Blank Park Zoo and Warren County Conservation, along with writing some children's books, traveling with her husband John, and diving back into her long-neglected genealogy. Best wishes to Kathy on her new adventures!

Managing Money as a Couple

What are the keys to prepare to grow wealthy together?

When you marry or simply share a household with someone, your financial life changes—and your approach to managing your money may change as well. The good news is that it is usually not so difficult.

At some point, you will have to ask yourselves some money questions—questions that pertain not only to your shared finances but also to your individual finances. Waiting too long to ask (or answer) those questions might carry a price. In the 2019 TD Bank Love & Money survey of consumers who said they were in relationships, 40% of younger couples described having weekly arguments about their finances.[1]

First off, how will you set priorities?
One of your first priorities should be simply setting aside money that may help you build an emergency fund. But there are other questions to ask. Should you open joint accounts? Should you jointly title assets?

How much will you spend & save?
Budgeting can help you arrive at your answer. A simple budget, an elaborate budget, or any attempt at a budget can prove more informative than none at all. A thorough, line-item budget may seem a little over the top, but what you learn from it may be truly eye-opening.

How often will you check up on your financial progress?
When finances affect two people rather than one, credit card statements and bank balances become more important. Checking in on these details once a month (or at least once a quarter) can keep you both informed, so that neither one of you have misconceptions about household finances or assets. Arguments can start when money misunderstandings are upended by reality.

What degree of independence do you want to maintain?
Do you want to keep some money separate? Some spouses need individual financial "space" of their own. There is nothing wrong with this approach.

Can you be businesslike about your finances?
Spouses who are inattentive or nonchalant about financial matters may encounter more financial trouble than they anticipate. So, watch where your money goes, and think about ways to pay yourselves first rather than your creditors. Set shared short-term, medium-term, and long-term objectives, and strive to attain them.

Communication is key to all this.
Watching your progress together may well have benefits beyond the financial, so a regular conversation should be a goal.[1]

1. newscenter.td.com, October 2, 2019

Plan Finances Now

By Bill Elson, CFP®, Partner

Too many people wait until they file their income-tax returns to evaluate the preceding year's finances and plan for next year. You should really begin much sooner, perhaps even before year end. This will give you plenty of time to analyze what you have accomplished and to plan for what you hope to accomplish. The checklist of questions below might help.

01 What are your financial goals? Before you do anything with your money, you should decide how you want to spend it. Itemize what you have presently, what you need for the year ahead, and what you hope to have 10, 20, or 30 years in the future.

02 Over the past year, have you made progress toward achieving your goals? You should probably compare the performance of your investments to the goals you've established with regard to those investments for the year. The results of this analysis will help you decide whether or not you should alter your investments.

03 Are any changes about to occur that will affect either your immediate needs or your long-term goals? A job change, for example may drastically alter your income and your lifestyle. Other circumstances that may affect your finances might include buying a new house, financing an education, or paying for a wedding. Planning at least a year in advance will help you to adjust to these changes financially.

04 What can you do to minimize your taxes? A general rule for tax purposes is to defer income to the next year while accelerating deductions for the present year. To defer income, you might postpone selling assets or collecting bonuses, and you might also purchase investments that will mature the following year. Sometimes it is better to take income sooner, for example if you think you will be in a higher tax rate in future years. To accelerate deductions, you might double up on your charitable contributions or invest strategically to reduce your taxes.

05 Quite often, people will also make contributions to their Individual Retirement Accounts at the last minute for an additional deduction. However, in the long run, it's usually much better to make your IRA deposits early in the previous year rather than wait until you file for your tax return the following year. That way you get tax-deferred or tax free growth for a longer period one time.

Do you need any additional help to implement your plans for the future? A lawyer, an accountant, a stockbroker, or a trust officer can be a tremendous help in any financial matters. If you're not progressing as you would like, or if you find you don't have the time to manage your money properly, you might consider hiring a professional financial planner. It could be the one investment that makes all the difference.

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