Year End Financial Resolutions for 2015

As we approach the end of another year, it is time to take a look at our financial state to ensure a good fit for 2016. Here are just a few simple suggestions to get you started:

Select the percentage of income you want to tax defer into your retirement plan. Make a commitment to increase the amount each year by at least 1% of your income, until you reach the maximum allowed. A slight yearly increase can make your retirement far more comfortable. By making small and systematic contributions, the effect on your disposable income will be negligible.

Fine-tune your tax withholding. If you typically owe a large tax in April or receive a large refund, revise your W-4 or quarterly estimate for 2016. Most of us wouldn't give the government an interest free loan. However, that's exactly what we are doing if we normally welcome a refund each April 15th. If you are one that takes pleasure in opening that envelope in April and seeing a check, put the extra funds each pay period into a conservative investment and receive the true pleasure of watching it grow.

Bunch up deductions. If your 2015 tax write offs barely reach the standard deduction, consider paying your 2016 deductible expenses in 2015. Pay your January mortgage payment in December. Remember deductible expenses charged to credit cards in 2015 and paid in 2016 can still be deducted in 2015. Just make sure you'll be able to pay off the credit card when the bill comes.

You are entitled to a medical deduction only to the extent that your annual unreimbursed expenses exceed 10% of your adjusted gross income. If you are near the 10% mark or already over it, schedule non-emergency medical and dental visits before year end.

Check your beneficiaries. Retirement accounts, life insurance policies, and many others assets allow you to designate a beneficiary. One of the advantages of designating a beneficiary is that your asset conveys directly to your heirs outside the probate process. The courts usually treat a beneficiary designation as sacred even if the family provides evidence that beneficiary is not what the deceased would have wanted. Potential causes of outdated beneficiary designations can result from a death, divorce, birth, or possibly a very strong argument. So perhaps part of your planning process should be to treat your old, ailing aunt especially good this year. Maybe we should move on to the next topic.

Check your credit report. Checking your report at the end of each year is a good habit to form. It has always been wise to check your credit report, but it may be even more important now. Lenders have tightened lending standards in the wake of the credit crisis; credit is still available at good rates, but mainly to people with high credit scores. Go to *annualcreditreport.com* to order your credit report online or by mail.

Is a conversion from a traditional IRA to a Roth IRA right for you? A Roth IRA differs from tax-deferred retirement accounts such as a Traditional IRA and most employer-sponsored retirement plans. With the Roth IRA, you make contributions with after-tax dollars but after age

59 ½, qualified withdrawals are tax free. Also, required minimum distributions after age 70 ½ are not required. The pros and cons of converting a Traditional IRA to a Roth are too many and too complicated to discuss in the remaining space we have in this article. For some, but not everyone, there are advantages to converting Traditional IRAs to Roth IRAs. Contact your financial professional well before the end of 2015 to discover how such a conversion would affect your financial future.

Rebalance your investment allocation. This is a good time for that all important annual review of your investment mix. Do you have the best investment plan or retirement program for you? Is it custom built for your assets, your stage in life, your goals and most of all, your risk tolerance? Asset allocation is the process of dividing your assets among the major investment categories that have in the past achieved the highest returns for your risk tolerance and goals. Although past performance does not guarantee future performance, I believe you will, at least, want your asset allocation to include: stable value investments, bonds and different classes of domestic and international stocks, ETFs or mutual funds. If you comply with a specific asset allocation strategy, in all probability you will need to adjust or rebalance your portfolio blend. If you don't have a specific asset allocation, run, don't walk to your financial advisor now.

The suggestions outlined in this article are a small sample of planning ideas you will want to consider. We have prepared an eight page report on year-end planning. We will be glad to send it to you free of cost and free of obligation.

The information in this article is not intended as tax or legal advice, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek tax or legal advice from a licensed professional.

For more information on this subject or anything else in the financial arena, call G. DeWayne McAnally at 405-728-1649, www.gdmcanally.com. You can also listen to DeWayne on "The Financial Forum" radio show on KOKC, 1520 AM, Saturday mornings at 9:00.