

**FINANCIAL CHECKUP**

**Monthly Income and Expenses:**

Yes      No      Not Sure

Do you use a budget? \_\_\_\_\_

Do you have financial problems that require immediate attention? \_\_\_\_\_

**Retirement:**

Are you saving for retirement? \_\_\_\_\_

Do you know what rate of return you need to maintain your lifestyle and keep ahead of inflation and taxes? \_\_\_\_\_

**Children's Education:**

Have you planned for this expense? \_\_\_\_\_

Is the ownership of your education savings designed to reduce taxes? \_\_\_\_\_

**Your Investments:**

Are they well diversified? \_\_\_\_\_

Are you satisfied with their performance? \_\_\_\_\_

**Risk and Insurance:**

Will your insurance cover your family's needs in the event of death or disability? \_\_\_\_\_

Do you have an umbrella liability policy? \_\_\_\_\_

**Estate Planning:**

Are your wills current? \_\_\_\_\_

Is your estate designed to minimize taxes and fees? \_\_\_\_\_

1. *Do you have a personal budget?*

Budgets can be designed for a month, a year, or longer periods. They can help you attain your financial goals by focusing attention on the relationship between income and expenses. To start, summarize last year's income and expenditures. You may be surprised by the results and want to reorder your priorities.

2. *Have you made a review of your current financial status?*

Preparing a statement of assets and liabilities to determine your net worth is a good starting point. It should encompass all your major assets and liabilities, including life insurance. Such a statement should be prepared at least annually to determine whether your short- and long-range goals are being realized--particularly your investment and retirement goals. Put a copy aside for your executor.

3. *Have you planned adequately for retirement?*

There can be significant tax advantages to saving a portion of your income in qualified retirement plans. In addition, there is a significant difference in the amount you will have available for retirement depending on when you start saving. You need to determine how much you will need at retirement, how much you can expect to receive from other sources, and how much you need to contribute now to reach your goals. Again, this should be reviewed at least annually and as your needs change.

4. *Have your personal papers and valuables been properly safeguarded?*

A safe deposit box or fireproof home safe is a virtual necessity, not only for the financial security they provide but also as a safe place for personal papers and mementos that are difficult or impossible to replace.

5. *Is your homeowner and auto insurance coverage adequate?*

Your home may have changed markedly in value since purchase. Make sure that your insurance coverage has been appropriately adjusted. If you have valuable personal assets, such as silverware, jewelry, furs and other valuable personal effects, you may need supplemental coverage to provide adequate protection. It is a good idea to catalogue and photograph all of your valuable personal property to help ensure proper settlement of any insurance claims.

In some cases, reappraisal of the deductible amounts in your policies may be advisable. Increasing the deductibles may reduce your long-term insurance costs, but you should bear in mind that tax deductions for unreimbursed casualty and theft losses are hard to obtain under the current tax laws.

6. *Is your personal insurance coverage adequate?*

Your life insurance coverage should be reviewed periodically because, as the mix of your assets changes and your children complete school and become self-sufficient, your estate's need for liquid assets may change. Also, consider excess personal liability insurance. It is fairly inexpensive, and the benefits available if a major accident or other exposure were to occur are substantial.

7. *Is your disability insurance coverage adequate?*

The Health Insurance Association of America states that a forty-year-old has a one in six chance of becoming disabled before retirement, and if you are disabled for more than 90 days, the average duration is five years. Your insurance should be reviewed for the amount of coverage, renewability, cancellation rights, and restrictions on receiving benefits. You generally should avoid "any occupation" clauses, and as with life insurance, you should ensure the coverage adequately meets your changing needs.

8. *Have you considered how title to property is held?*

In some situations, an individual's estate plan has been thwarted because of the manner in which title to property was held. Where property is held in joint tenancy, you should review these holdings to ensure that your estate plan will achieve the desired tax and economic results.

9. *Do you have an estate plan?*

An estate plan, which may include some or all of the following elements, should be updated periodically as the tax laws and your personal or family circumstances change:

- **A will** provides for the disposition of your estate through probate (a court-supervised process) and is generally a part of such a plan.
- **A living trust/revocable trust** may be established (and modified) during your lifetime and may avoid the costs of probate for assets covered by it. Certain types of irrevocable trusts may be used for tax planning purposes.
- **A durable power of attorney** provides for the management of your assets in the event of your disability by naming someone to act as your attorney-in-fact.
- **A living will or durable power of attorney for health care** provides for your wishes concerning extraordinary life support measures in the event you are terminally ill or injured.

If you do not have such a plan, you and your spouse should meet with your attorney to develop one. Even if your estate is modest, you should at least have a will to name an executor and, most importantly, guardians for any minor children.

10. *Does your estate plan provide that your entire estate pass to your surviving spouse?*

If it does, the unlimited marital deduction could change the expected long-range tax consequences of this transfer. You should discuss the tax consequences of this provision with appropriate advisors. You may want to consider providing that a portion of your estate be transferred to a trust for the benefit of your spouse during his or her lifetime. Because the property transferred into trust will not be subject to further estate taxes upon the death of your spouse, overall estate taxes may be reduced.

11. *Have you provided your executor with information concerning your estate?*

Your executor should know the location of key documents (such as your will and insurance policies), the names of your attorney and your accountant, and should have a good idea of the nature and extent of your assets.