

“Get It Together”

The following five areas deserve your attention sooner versus later: consolidation, understanding, taxation, income planning and beneficiary planning.

Consolidation means gathering all of your end of year statements and figuring out, with the help of a financial professional, if you need to keep accounts open in several different places. If you are tired of a mailbox full of prospectuses and 10 page statements then you need to consider consolidating some of your accounts. As people get further into retirement they typically want to deal with less aggravation, paperwork and details. Also, if you have accounts with no agent or broker then consider consolidating these accounts with a reputable financial professional who can keep a skilled eye on things for you.

Understanding where your accounts are and what they are doing is critical. Even if you don't consolidate all of your accounts to one financial services professional, you should still have him or her make note of all of your accounts. This ensures that your beneficiaries will not have to go on a wild goose chase someday to track down all of your assets. If you are not sure what a certain investment is doing for your benefit, sit down and discuss what it's doing versus what you want it to do for you. If you want to potentially reduce your tax bill, then you may not want to keep money in a taxable account, like a CD, if you are not using the interest for an income.

Taxation of your investments can be just as important as the interest rate itself. A taxable account earning 4% in a 25% tax bracket equals a net yield of 3%. You might be better off in a tax deferred or tax-free investment. You can be taxed on up to as much as 85% of your social security if your taxable income is above a certain level. Take inventory of your income, expenses and assets to determine what is needed for an income. Money that is not needed for current income should be deferred until you are ready for more income. You can't evade taxes, but there are several strategies to help reduce taxes.

Income planning means getting the most you can out of your money without the risk of outliving it. Most individuals are not aware of all of the retirement income options available so they stick to old fashion choices like CD's and money markets. You should know that there are several ways to earn more interest with little to no risk. Every situation is different so there is no one size fits all solution. If you are in your 50's, 60's or 70's you need to plan on an income through your 80's and 90's to be safe. You don't want to find out halfway through your retirement that you don't have enough money.

Lastly, plan in advance where your assets will go when you are no longer here. You should consider titling every account with a beneficiary designation to potentially avoid probate and a contested will. If you can't name a beneficiary on something like a house or car then you should put it in your will. Make sure your wills and trusts are up to date. The biggest job you have is to get all of your information together. Once you've done that, you and your financial professionals can work together to improve your overall financial well-being.

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