

Wealth Planning **Update**10 resolutions for
your wealth plan

The New Year is often a time to reflect and reevaluate. And each year (at least), it's important to review your finances and make sure you're on track toward your long-term financial goals. Here are 10 wealth planning resolutions to get you started in 2018.

① Examine your complete financial picture

Start the year off by asking your financial professional to evaluate your asset allocation and holdings across all of your accounts. This helps ensure that your overall wealth plan continues to reflect your financial goals and personal risk tolerance. In addition, consider whether you need to rebalance your portfolio given the strong market performance in 2017 to ensure it remains in line with your long-term investment strategy. Account aggregation tools, such as BMO Wealth Connection, can give you a holistic view of your financial situation—including a consolidated asset allocation. It also integrates with your wealth plan to show where you stand in relation to your financial goals.

② Contribute more to your retirement plan

Maximizing your retirement plan contributions is one of the best ways to take advantage of tax-deferred investing. For 2018, the contribution limits have increased for some retirement savings plans (see table below). Keep in mind, if you are age 50 or older, you can also make catch up contributions to IRAs, as well as to 401(k), 403(b), 457, and SIMPLE retirement plans.

Contribution Limits	2018	2017
Keogh, profit sharing, money purchase, SEP	\$55,000	\$54,000
Defined benefit	\$220,000	\$215,000
Annual compensation limit	\$275,000	\$270,000
IRAs: traditional ¹ and Roth	\$5,500	\$5,500
Catch-up contributions	\$1,000	\$1,000
401(k), 403(b), 457	\$18,500	\$18,000
Catch-up contributions	\$6,000	\$6,000
SIMPLE	\$12,500	\$12,500
Catch-up contributions	\$3,000	\$3,000

Source: IRS Notice 2017-64

③ Adjust tax withholding to keep more money throughout the year

If you tend to receive a large tax refund each year, review the amount you're withholding from your paychecks, pensions and other income sources. Depending on the size of your refund, withholding less will leave more money in your pocket or in your investment portfolio earning interest throughout the year. Conversely, if you typically owe income tax at year end, you may avoid penalties by paying 90% of your current year estimated taxes or 100% of prior year taxes (110% if your adjusted gross income exceeds \$150,000).

④ Use a health savings account (HSA) to pay health expenses and save for retirement

If you have a high-deductible health care plan² that counts as minimum coverage under the Affordable Care Act, an HSA can be used to cover out-of-pocket medical, dental and vision costs (though it can't be used for health insurance premiums). The money you set aside in an HSA grows tax free. Plus, when you become eligible for Medicare, any money left in the account can be rolled into a qualified retirement plan account.

⑤ Get a jump on college savings

It's never too early to establish a 529 college savings plan for children or grandchildren. The sooner you start, the longer the assets can grow tax free. Although contributions are not tax deductible at the federal level, many states offer tax incentives, including either deductions or credits. In addition, earnings are never taxed if you use the withdrawals for qualified education expenses.



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⑥ Protect yourself and your loved ones from the unexpected

The costs associated with accidents, illnesses, disability and death can be overwhelming, and can quickly eat away at savings. This year, ask your employer and your financial professional about these types of coverage:

- **Life insurance** to enable a surviving spouse and children to maintain their standard of living, pay off debts and meet other expenses (like tuition).
- **Long-term disability insurance**, which can replace a portion of lost income if you're unable to work.
- **Umbrella liability policies**, which take effect when other policies are exhausted—often important for high-income earners and those with considerable assets.

In addition, take some time to review and reprice your homeowner's and automobile policies to make sure they're providing the coverage you need, especially if your situation has changed.

⑦ Update your beneficiaries

Family dynamics can change quickly. Review the beneficiaries you have named on your employer retirement plans, IRAs, life insurance policies, annuities and bank accounts that have "payable on death" designations. Also, review the people you have named in your estate plan, including executors, trustees and agents under powers of attorney. Make sure you're comfortable with all of your choices. If your estate plan is more than three years old, or if a major life event has occurred, review your plan with your attorney. Consider changes in your distribution goals and federal or state tax law.

⑧ Organize your important financial documents

Make it easy to locate important records and forms when the time comes. Gather together your will, insurance policies, passports, appraisals, trust documents, health care proxy and powers of attorney designations. Decide on a safe place to store them, such as a firebox or safe. Consider the Electronic Document Vault in BMO Wealth Connection, a secure, cloud-based location where you can scan, upload and store your documents. Then, tell your executor, trustee and beneficiaries how they can access the documents if necessary.

⑨ Check your credit report and evaluate debt

Identity theft made the headlines more than once in 2017. Annually reviewing at least one of your major credit reports can prevent unforeseen credit problems from spiraling out of control. Many sources offer free credit reports (including annualcreditreport.com). If necessary, take action to correct your score. If debt is an issue for you, look for ways to pare back in 2018.

⑩ Review your goals and your plan

Finally, make an appointment with your financial professional to review your plan, update your situation and quantify your goals. Working together, you can adjust your plan to make sure you remain on track toward pursuing your goals. New Year's resolutions are most effective when you act on them early. Tap into your financial professional's knowledge and experience for help with any of the resolutions discussed above.

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¹The ability to contribute pretax dollars to a traditional IRA is subject to income limitations. However, earnings on both pretax and after-tax contributions can grow tax-deferred.

²The IRS defines a high-deductible health plan as any plan with a deductible for 2018 of at least \$1,350 for an individual or \$2,700 for a family.

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