



October Fall into Financial Fitness Tips

In celebration of National Financial Planning Month, your BLBB Advisors have provided some guidance in support of your financial fitness. Check back daily for more helpful tips throughout the month of October and contact us at 215-643-9100 for your personal financial audit.

1. **Financial planning** is the process of meeting your life goals through the proper management of your finances. It consists of a series of steps that help you see your financial ‘big picture’. It may provide direction and meaning to your financial decisions and allows you to understand how each financial decision affects other areas of your finances.
2. **Build out a** professional network. A lawyer can help you draft a Will, Guardianship Agreement for children and Trust documents. An accountant can help prepare taxes. An insurance broker facilitates insurance needs – life, disability, long-term care. A financial advisor serves as the quarterback that coordinates with other professionals in your network. A financial plan might unearth a need for more insurance coverage, updating a Will or a potential tax strategy that is not being utilized.
3. **Drafting a budget** can help you balance the needs of today with saving and investing for your future. It can identify spending patterns, prioritize spending (need vs. want), eliminate potentially damaging spending behavior and keep you on track for long-term financial goals.
4. **Establish an emergency** fund for unforeseen circumstances such as a job loss, major health expense or car/home repairs. An emergency fund can serve as a personal safety net and keep you from taking on unnecessary credit card debt or tapping into retirement plans early. At a minimum, the fund should have 3-6 months’ worth of expenses and be liquid (savings accounts, CDs, etc.).
5. **Consider insurance** as part of your financial plan as you age, get married, buy a home, build a family and plan for retirement. As you build your wealth, it is important to protect your assets against any unforeseen events. Think of insurance planning as a precautionary investment that shelters you from financial loss. Life, disability, long term care, medical, property, car, professional liability, and umbrella policies may help protect you from the unexpected.
6. **Attack saving habits** in smaller increments. Aim to save at least 15% of your salary. Elect to receive the full benefit from your employer’s 401(k) match, if offered. Treat raises and bonuses as extra savings and avoid lifestyle inflation. Develop saving habits early to take advantage of the power of compound interest.
7. **Life changes** (birth, marriage, divorce, death) are inevitable, and the naming of beneficiaries is not a one-time event. Do not overlook your beneficiary designations for life insurance policies, retirement plans, annuities, IRAs, Transfer on Death (TOD) and Payable on Death (POD) accounts to ensure these are current and in line with your intended wishes.

8. **The retirement landscape** is changing. The responsibility of funding retirement has fallen on the employee. Retirement plans such as 401(k)s or 403(b)s allow you to take advantage of tax-deferrals. Maximize your contributions and avoid pauses and borrowing against retirement accounts. Planning for retirement can help ensure that you do not outlive your assets.
9. **When changing employers**, ask the plan administrator about your 401(k) plan options. Can you...
 - Keep the 401(k) at your former employer?
 - Move your 401(k) to your new employer?
 - Roll your 401(k) over to an Individual Retirement Account or IRA?Avoid taking an outright distribution, which may be subject to taxes and penalty.
10. **Increasing or accelerating** mortgage, or student loan payments, can help eliminate debt faster. Consider switching from a monthly to a biweekly schedule, or making extra payments, when your cash flow allows.
11. **Choosing an appropriate** asset allocation is a critical component of investing. Asset allocation plays a key role in the amount of risk you take with your investments, as well as in the returns received. When you pick an asset allocation, you spread your investable dollars across categories of investments, based on your goals, age, time horizon and risk tolerance.
12. **Track your** net worth. Your net worth is the difference between your assets (investments, real estate, personal property) and liabilities (mortgages, car loans, student loans, credit card debt). It is a big picture number of where you stand financially. Revisiting and updating your net worth periodically can help you determine if you are making progress towards your financial goals.
13. **Review your** credit report regularly and keep an eye on your credit score. Errors such as misspelled names or incorrect numbers can signify an issue with data entry and can alert you to fraudulent behavior. If you notice any mistakes or major red flags, such as seeing a property you never bought or loans you do not remember taking out, follow the directions on your report on how to dispute the error.
14. **Communicating about money** with your significant other is key to a healthy relationship and financial future. Open the finances dialogue and discuss goals as a team. Even if one of the partners in a relationship is the “designated money person,” it is important for both partners to know some basics: account passwords, where main accounts are located, professional to contact for emergency assistance. When both partners are in the game, everybody wins.

Check back daily for more financial tips or send your name and email to Marketing@blbb.com for a sneak preview of the entire list.

Contact your BLBB Financial Advisor today at 215-643-9100 for your October personal financial fitness checkup.