



Prudent Portfolio: Turning Resolutions Into a Healthy 2017 Financial Plan

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By **Kevin Peters**

If you are like many Americans, your New Year's resolutions included the two biggies – getting healthier and getting wealthier.

Now that we are a few weeks in, perhaps you have joined a gym, are cutting back on sugar and carbs and getting more sleep. Maybe you've resolved to find new ways to relax and spend more time outdoors. All of these are great steps toward improving your overall health.

But what steps are you taking to improve your overall wealth?

Financial fitness means not just saving more and spending less, although of course that may be a wise adjunct to your approach. But in order to be successful, as with any other endeavor, the first thing you should do is create a plan.

Start with an honest evaluation of your current financial situation. How much debt are you actually carrying? What is the current value of your assets? What is your monthly income and what are your expenses?

If you don't yet have a budget, *start one*. A budget is the financial equivalent of a smart eating plan. If you don't track what and how much you eat, how can you expect to reach your goal weight? Your budget should specify not just big-ticket items for the calendar year, such as vacations and home repairs, but should include money for paying down debt, with priority given to paying down your highest-interest debt. See if you can negotiate lower interest rates on credit cards or lower rates for utilities or other providers.

As you create your budget, don't forget to set up an emergency fund, which should be separate from your regular savings. An automatic transfer to this designated account might be helpful. You can add to it over time, with the goal of putting aside an amount that will fund several months' worth of expenses. These funds are necessary in the event of unexpected medical expenses, job loss or sudden home repairs that may be the result of a flood, fire, damage due to high winds, sewer back-up or even burglary or any of the myriad situations homeowners dread.

Part of financial preparedness for an emergency is documentation. Now is a perfect time to review and organize all of your financial documents, making sure they are up to date, stored in a safe place (preferably a fireproof box or safe deposit box) and readily accessible. These documents should include your will, living trust, power of attorney, titles and leases, medical histories and contact information for all your advisers, including financial, legal, insurance and health. Include a list of passwords and identifiers for your various bank or online accounts.

Another helpful piece of financial preparedness is to include photos or videos depicting all your valuables and possessions, should it be necessary to claim them.

Consider ways to get the best from your current investments. Are you maximizing your 401(k)? Can you allocate more to those accounts? Don't forget that people over 50 and approaching retirement can contribute an extra \$6,000 to their 401(k), 403(b) or 457(b) plans or allocate an extra \$1,000 to an IRA in a catch-up provision. Make sure to plan accordingly in your budget.

Seasoned investors should keep in mind how the new administration in Washington may affect the economy this year and in the future. Some experts suggest looking for opportunities in defense, utilities, consumer staples and infrastructure-related industries such as construction, clean energy and transportation. Goods sold to developing nations and services for the elderly may also be considerations.

As you check off the boxes of your financial fitness plan, consider establishing a philanthropic component for the year, whether as a one-time donation to a favorite organization or cause or perhaps through a charitable trust or endowment. It's good for your heart – and may be beneficial to your taxes as well.

Being prepared and organized with your finances not only will give you a head start for growing your finances in 2017, but will give you peace of mind as well – which is good for your overall wealth *and* health.

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