delap wealth advisory

Six Financial Best Practices for 2019

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So, are you ready to get a jump on 2019? Around this time last year, we shared a list of 10 financial best practices for the year ahead. Our reach-out went so well, we thought we'd make it an annual tradition. Here are six more financial best practices for the year ahead. Pick a few of them or take on the entire list. Either way, you'll be that much further ahead by the time 2020 rolls around.

1. Do nothing.

Seriously. If you have a well-built investment portfolio in place, guided by a relevant investment plan, your best move in hyperactive markets is to let that plan be your guide. That often means doing nothing new with your holdings. We list investment inaction as a top priority, because "nothing" can be one of the hardest things to (not) do when the rest of the market is in perpetual motion!

2. Double down on your planning.

That said, a "do nothing" approach to turbulent markets hinges on having that relevant plan in place, guiding your appropriately structured portfolio. A fresh new year can be a great time to tend to your investment plan – or create one, if you've not yet done so. Have any of your personal goals changed, or will they soon? How might this impact your investment mix? Have market conditions put your portfolio ahead of or behind schedule? Are you unsure where you stand to begin with? It's time well-spent to periodically ensure your plan remains relevant to you and your personal circumstances.

3. Prepare for the unknown with a rainy-day fund.

Time will tell whether 2019 markets are friendly, foul, or (if it's a typical year) an unsettling mix of both. Having enough liquid, rainy-day reserves to tide you through any rough patches is a best practice no matter what lies ahead. This is especially true if you're a business owner. In his book, Great By Choice, Jim Collins famously points out the 10x companies were productively paranoid. Thus, the 10x companies carried more cash and had more conservative balance sheets than their average performing counterparts. Knowing your near-term spending needs are covered should help with both the practical and emotional challenges involved in leaving the rest of your portfolio fully invested as planned, even if the markets take a turn for the worse.

4. Redirect your energy to contributing financial factors.

While you're busy staying the course with your investments, you can redirect your attention to any number of related financial and advanced planning activities. While you don't necessarily need to act on everything at once, it's worth reviewing your financial landscape approximately annually, and identifying areas in need of attention. Maybe you've got a debt load you'd like to reduce, or an estate plan that's no longer relevant. Perhaps it's been too long since you've reviewed your insurance line-up, or you'd like to revisit your philanthropic goals in the context of the latest tax laws. Refreshing any or all of these items is likely to contribute more to your financial success than will fussing over the stock market's daily gyrations.

5. Perform a cybersecurity audit.

Protecting yourself against cybercriminals is another excellent use of your time. With the new year, consider revisiting a few basic, protective steps, such as: changing key passwords on your most sensitive login accounts; reviewing your credit reports (using AnnualCreditReport.com); and placing a freeze on your credit file, to block unauthorized access (now free, based on recently enacted federal law). Especially with child identity theft on the rise, these actions apply to your entire household. Unfortunately, even minor children are now at heightened risk.

6. Have "that money talk" with your kids, your parents, or both.

Speaking of your kids, when is the last time you've held any conversations about your family wealth? It's never too soon to begin preparing your minor children for a financialy literate adulthood. As they mature, their financial independence rarely happens by accident, with additional in-depth conversations in order. Then, as you and your parents age, you and your kids must prepare to step in and assist if dementia, disability or death take their tolls. There also can be ongoing conversations related to any legacy you'd like to leave as a family. For all these considerations and more, an annual "money talk" can be critical to successful outcomes.

So, there you have it: Six creative ways to bolster your financial well-being while the stock market does whatever it will in the year ahead. While this list is by no means exhaustive, we hope you'll find it an approachable number to take on … with two critical caveats.

First, we've got a bonus "financial best practice" to add to the list:

Above all else, remember what your money is for.
Money is meant to fund your moments of meaning.

So, be it resolved for the year ahead: Next time you find your stomach tightening at the latest frightening or exciting financial news, tune it out. Walk away. Go do something you love, with those whose company you cherish. Circling back to our first call to inaction, not only will this feel better, it's likely to be better for your financial well-being.

Second, we recognize that each of these "easy" best practices aren't always so easy to implement. We could readily write pages and pages on how to tackle each one.

But instead of writing about them, we'd love to help you do them. At Delap, we work with families every day and over the years to convert their dreams into plans, and their plans into achievements. We hope you'll be in touch in the new year, so we can do the same for you.