

An Annual Review of 2009 Will Set the Tone for 2010

By Julie Cole, CFP®, FLMI, Annuity Product Manager



The holidays have passed us by, the New Year has begun, and tax season is right around the corner. This is also the time to review all of your financial activity and compile your 12/31/2009 personal net worth statement and 2009 cash flow statement. Compiling this information will help you identify what happened to your income and investments in 2009 and where you want to go in 2010.

As you are compiling your 2009 tax information, take the time to review your entire financial picture. You are likely receiving statements from your bank, investment companies, and mortgage companies, so the information is readily available. Go to the wfla website at www.wflains.org under Financial Planning and download the personal balance sheet and cash flow statement as a guide.

Comparing the results of your year-end 2009 balance sheet and cash flow statement to the prior year statements will uncover some goals for 2010. There are several things to look for. Did your debt increase because of credit card use? Did your mortgage or other debt balances decrease as you paid down debt. Be sure to review your investments as well. Did you discover that your 2009 401(k) plan year-end balance is less than the 12/31/08 year-end balance? You know



that you had a significant loss in 2008 when the S & P 500 was down nearly 40%. You are also aware that the S & P 500 was up about 25% in 2009, yet you are still not showing much recovery. This could indicate that you need to take a look at your overall investment strategy. Did you sell out of your stock funds and put your 401(k) dollars in fixed income funds that had poor returns? These results would indicate that it's time to formulate an investment strategy and stay with it.

Year-end is also a good time to evaluate the changes in your family, health, and lifestyle. If you have a new child or grandchild, it's time to review your life insurance needs and college savings plans. Now that you are one year closer to retirement, it is time to evaluate whether you are on track to meet your retirement goal. It is also a time to evaluate your housing needs. If your health has deteriorated, it's time to talk with your family about your living needs. Maybe it's time to look at assisted living options or talk with your family about home health care or updating your home to accommodate your future needs.

Whatever your stage in life and your financial situation, this is a great time to plan for your needs in 2010.