

# BAINBRIDGE BANTER

SERVING BAINBRIDGE, AUBURN & S. RUSSELL

Vol. 14 No. 12

"Your Community Voice"

Jan. 14, 2005

## Timely Tax Tips: What are your financial goals for 2005?

By Cynthia Hatfield

We've turned a new page; we have a blank slate spread out in front of us. Many of you have resolved to exercise more, lose weight, pick up a new hobby, return to finish college, obtain an MBA or some similar goal. But, have you given much thought to your financial goals for 2005?

Perhaps you've thought about becoming debt free. What would this entail for your specific situation? How will you review, prioritize, and eliminate your debt? How long will it take to become debt free? What other changes would you need to make, such as changing your current spending habits or even obtaining a raise or better paying job? In situations such as this, breaking the goal down into smaller, more manageable parts will make its attainment more manageable and realistic. Additionally, when considering a potentially ominous goal, such as this, you may want to seek outside assistance for the support you will need for the long haul.

Maybe you need to review your investment portfolio, and find you need to make some changes, or even begin the process of creating one. You may possibly want to add to your portfolio to increase your asset base. Do you have six months of liquid investments set aside for emergencies? Do you have enough assets in a retirement plan? How about funding a Section 529 college savings plan for your children or grandchildren? Perhaps you need to diversify to reduce your investment risk as you grow older. Maybe you need to consider gifting some of your assets, either to charity or to your family as part of a formal estate and gift plan.

Is 2005 the year to start your new business? I know you've had an idea for awhile of what to build, or how to improve, or a dream of doing it on your own. What will it take to bring these dreams to fruition? There are many and varied steps in the process, but a few key

points are as follows. Do you have the support of your significant other or loved ones? Do you have a nest egg to rely on during the tough start up phase? Do you have relationships with financial institutions, partners, or others who will provide you financial support? Do you have a firm vision, a business plan, and an organizational structure for your dream-venture written out? Once again, break the larger goal into smaller steps, and commit fifteen to twenty minutes a day to making your dream come true.

Perhaps you would like to set a goal of early retirement. Do you know how much money you will need to live on if you have a goal to retire in the next ten, twenty, or thirty years? How much will you contribute to a retirement plan, as opposed to relying on Social Security and Medicare? Are your savings on pace, or will you have to work an additional five to ten years? Could you adjust your level of savings now, and still make your retirement timeline realistically? Additionally, with the skyrocketing costs of health care and assisted living, or long term care, if necessary, you might want to consider long term care insurance.

If you have one of these goals or a different financial goal not listed here, and you do not know how to put it into action, I recommend visiting your local library. The library has books on virtually every financial topic which are both interesting and motivational.

Other forms of information and support are investment groups, and web sites. Finally, you may want to seek the advice and assistance of a financial professional. Remember, our joy is not in crunching the numbers, but in helping you prepare a realistic plan to reach your financial goals and dreams.

*If you have questions or comments regarding this article, please direct them to Bainbridge resident Cynthia Hatfield, CPA Tax Manager at Zinner & Co. LLP chatfield@zinnerco.com, or call her at 216-831-0733.*