



Fee-Only Financial and Investment Planning
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On Course

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Welcome! The holidays are in full swing – with 2014 just around the corner. See if you can find some time in the midst of the glitter and twinkle to wrap up your 2013 finances so you're in tip top shape when the ball drops on January 1.

As we close out 2013, we at Compass Planning want to thank you, our readers, for your continued support. If you have specific topics you would like us to cover in the coming year, just drop a line to OnCourse@CompassPlanning.com. We love to get your feedback. Remember we're here to help you stay *On Course!*

-Jennifer Lane, CFP

Money Tips for the New Year

As you move from 2013 to 2014, take some time to look at your credit card debt and investments as well as do some financial housekeeping.

Reduce credit card debt

- Use Google to search "debt snow flaking" or debt snowball" to learn about this recommended way to pay off credit card and loan debt.
- With debt snow flaking, you will pay off your smallest balance first while paying the minimum balance on all your other cards.
- Look carefully at your expenses to find extra money to use against the credit card you are paying off so you pay more than the minimum payment. Even as little as \$25 will make a difference. Make as many snowflakes as you can!
- [Vertex42](#) offers a free calculator that you can download and use on your own computer for added privacy.
- Once you have paid off your first card, you'll take that credit card's minimum (and whatever extra you can afford) and add it to the minimum amount you have been paying on the next lowest balance.
- The cumulative effect on your payments snowballs as you reduce your debt!

Investment funds review

You are responsible for managing your money.

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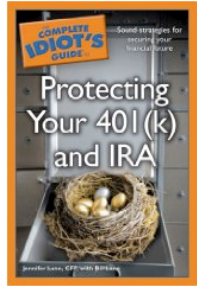


Jennifer's Hint

Many people are happy to give you advice, but you're the one who's most invested in the health of your retirement accounts. Hire help and pay for advice when you need it, but don't forget that understanding your accounts and managing your investments is ultimately up to you. Stay involved. Your advisors should be partners, not sole managers of your accounts.

Get more tips in Jennifer's book

- Focus not so much on performance but more on cost and asset allocation.
- Use Morningstar.com to see what expenses your current funds carry. They should be less than one percent annually. Otherwise, you risk losing earnings to expenses.
- Next check BankRate.com for a nifty asset allocation calculator. You don't have to follow it exactly, but you'll get an introduction to what an asset allocation should look like. Your 401(k) provider may have an asset allocation calculator as well.
- Next step is to make an appointment with a financial planner for help customizing the asset allocation for your financial goals.



([click here for link](#))

Good housekeeping

It's important for your finances, too!

- Life insurance for those with children should be equal to at least 6 to 8 times annual living expenses for the household, e.g., if the expenses are \$100,000, each parent should have \$600,000 to \$800,000 in insurance. Pay special attention if one parent is at home because you may not have sufficient work coverage.
- Make sure your will, healthcare proxy, and power of attorney are up-to-date and reflect your current wishes. You'd be surprised how much things change over even a short amount of time. Nolo.com is a great educational resource, but you still need a lawyer to help you with these documents.
- Are you worried about college costs? Budget to put money into your retirement account first. The college funds come after that. You want to avoid having your well educated children have to take care of you.

Helpful Websites

BankRate.com

FINRA

Mass Bar Association

Morningstar

NAPFA

Nolo

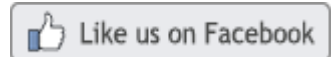
Vertex42

Q&A

Q: I'm retiring soon and need to roll over my 401(k). How do I pick an investment advisor?

-- **Joe, Winchester**

A: **Joe**, congratulations on your retirement! You need to be careful when you're rolling over a 401(k) from an employer as it's probably a substantial amount of money that would be attractive to someone who sells on commission. So, do your research. Check out NAPFA.org, the National Association of Personal Financial Advisors, where you can get information on fee-only financial planners who will charge an hourly or project fee to help you. Also, you can use FINRA BrokerCheck to check the background of your stockbroker or investment advisor. Last, always have a thorough conversation with your potential advisor about his or her experience and method of compensation.



What's New

- Jennifer talked about smart money gifts for kids on a recent NECN show. Click [here](#) to watch the segment on her blog.
- Follow us on Facebook! Visit www.facebook.com/AskJennifer and like us!
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 6:30 pm appearance.

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

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