

Reflecting on Your Financial Year: Crucial Questions to Ponder

WELA FINANCIAL ADVISORY

As the year comes to a close, it's the perfect time to pause and reflect on your financial journey over the past 12 months. Taking a moment to assess what went well, where challenges arose, and how you can grow sets the stage for even greater financial success in the upcoming year. Here are some guiding and critical questions to help frame your year-end financial reflection and planning.

What Did You Accomplish Financially?

Proud Moments: What are you most proud of financially this year? Did you hit a major milestone, like paying off debt, increasing your savings, or reaching an investment goal?

Strengths: In what area of your financial life did you really excel? Was it consistent budgeting, sticking to a savings plan, or something else?

Opportunities for Growth: Where is the one area of your financial life where you didn't make progress, but know you need to?

Use these questions to identify not just what went right, but also where there's room for improvement. Remember, progress—no matter how small—is still progress.

Holistic Financial Planning: Key Areas to Consider

Cash Management

- Did you build a budget and stick to it?

- Do you know how much money came into your bank account this year and how much went out?
- Have you established or grown an emergency fund to cover unexpected expenses?
- Did you track your spending habits and make adjustments to align with your financial goals?

Tax Planning

- Did you receive a large refund or owe taxes unexpectedly? Could this mean you're not withholding the right amount?
- Did you consider strategies like Roth conversions, backdoor Roth IRAs, or other tax-efficient investment moves?
- Are you optimizing your investments or withdrawals to minimize taxes?

Estate Planning

- Have you set up a will or trust to ensure your wishes are carried out?
- Did you explore charitable giving or other end-of-life planning strategies?
- Have you reviewed beneficiary designations on accounts and insurance policies?

Liabilities

- Did you pay down consumer debt, like credit cards or personal loans?
- Have you created a plan to get out of debt entirely?
- Did you refinance any high-interest debt to lower your payments and save on interest?

Insurance

- Did you review all your insurance coverages?
- Are you overpaying or over/under insured for policies like auto, home, or health insurance?
- Are there gaps in coverage you might not be aware of?
- Did you secure term life insurance or evaluate any existing permanent life policies to ensure they align with your needs?
- Have you considered disability insurance or evaluated your health insurance plan to ensure it's meeting your medical needs?

Investing and Retirement Planning

- Did you increase your retirement contributions or max out your 401(k)?
- Have you conducted a Social Security analysis or started in-depth retirement planning to understand how much you'll need and how to get there?
- Did you rebalance your investments to align with your financial goals and risk tolerance?

Education Planning

- Have you opened or contributed to a 529 plan, UTMA, or other education savings account?
- Did you complete a college savings analysis?
- Have you discussed college costs and smart college choices with your children?

Looking Ahead: Planning for Next Year

-What financial habits do you want to continue or strengthen?

-Are there new goals you'd like to set for areas like savings, investing, or debt repayment?

-How will you ensure your financial plan remains aligned with your personal values and long-term goals?

Conclusion

Consider this an opportunity to give yourself a financial check-up. Reflecting on these questions can help you identify areas to celebrate, improve, and plan for.

Let this year be the year you make financial growth and improvement through intentionality and accountability. Here's to ending the year strong and stepping into next year with clarity and confidence!