



*Secure your future wisely.*<sup>SM</sup>

## Bring on the New Year

By Brian Loy, CFA, CFP  
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There's a saying "You can't control the wind, but you can adjust your sails." The close of a rough year and the start of a new decade give us pause to review and fine tune our personal finances. Here are 5 major areas:

1. **Think of saving as well as getting** – Increase your savings, work longer, and reduce debt (and payoff credit cards). Fix the long-term debt and protect yourself from rising variable rates. And continue to spend wisely. As my friend Linda says, "make it, make do, or do without."
2. **Roth IRA Conversions** – Review the opportunities of converting IRAs to Roths. This triggers a tax bill, and taxes should not be funded from the IRA.
3. **Review taxes** – We can expect changes to income taxes to help pay for 'stimulus,' as well as changes to estate and gift taxation. Review these areas with your CPA and estate counsel.
4. **Income Investors** – Despite low savings and CD rates, be careful what you wish for – higher interest rates will come. Be patient, and refrain from longer maturity dates, or junk, to increase yields. As interest rates rise, bond prices tend to decline. Go for total return (including appreciation) from investments, rather than income alone.
5. **Growth Investors** – Remind yourself of two good reasons to invest in the stock market: (a) your savings has to last a long time (e.g. 30 year retirement), and (b) outpace inflation. In general, diversify core holdings into US and foreign equities, and allocate 10 – 20% of portfolio in 'alternatives,' including commodities, gold, oil, real estate and tactical asset allocation.

And as the late Joey Adams once said, "May all your troubles last as long as your New Year's resolutions."