

DOW JONES, A NEWS CORP COMPANY

DJIA ▲ 25803.19 0.89%

S&P 500 ▲ 2786.24 0.67%

Nasdaq ▲ 7261.06 0.68%

U.S. 10 Yr ▼ -3/32 Yield 2.548%

Crude Oil ▲ 64.40 0.94%

Euro ▲ 1.2200 1.38%

YOUR MONEY

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.

<https://www.wsj.com/articles/from-the-financial-news-of-2017-financial-resolutions-for-2018-1514552401>

MARKETS | YOUR MONEY

Financial Resolutions for 2018

Experts recommend consumers key off lessons of the year—data breaches, anyone?—for a more prosperous future



The Salvation Army has expressed concern that the tax overhaul will lead to a decline in charitable giving in 2018.

PHOTO: TORIN HALSEY/WICHITA FALLS TIMES RECORD NEWS/ASSOCIATED PRESS

By *Veronica Dagher*

Updated Jan. 3, 2018 12:39 a.m. ET

With the news of 2017 fresh in investors' minds, financial advisers say now is the time to put in place resolutions to take advantage of the lessons learned on everything from the Equifax data breach to the largely uninterrupted run-up in the stock market to the recently enacted tax overhaul.

Because New Year's resolutions are easy to make but difficult to keep, financial planner Rick Waechter offers a solution. "Pick one financial planning goal in 2018—just one—and act on it in the first week of the new year," says Mr. Waechter, founder of Old Peak Finance in Chapel Hill, N.C.

Here are a few resolutions to consider off the news from 2017:

Resolution: Protect Your Data

When credit-reporting company Equifax Inc. was hacked and about 143 million U.S. consumers' personal data was potentially compromised, some consumers reviewed their credit-card bills to make sure they didn't see any suspicious charges.

While that was a good first step, there's more to do. If you haven't already, go to AnnualCreditReport.com to order a free copy of your credit report, says Amy Nofziger, a fraud expert with AARP Foundation, the senior citizen group's affiliated charity. Help family members do this as well, she says. If there is anything that you don't recognize, report it immediately to the credit-reporting firms and your credit-card company. You should also report it to the Federal Trade Commission and your state attorney general's office, she says.

Going a step further, some security specialists recommend a credit freeze, which will prevent new lines of credit from being issued.

Eva Velasquez, chief executive and president of Identity Theft Resource Center, a San Diego nonprofit established to protect victims of identity theft, says credit freezes are worth considering even though they can be a hassle.

To establish a freeze, she says, consumers must contact each credit-reporting firm and follow its procedures. And once a consumer's credit is frozen, she notes, he or she won't be able to open new credit cards or take new loans without unfreezing their information. Because unfreezing credit can take awhile, Ms. Velasquez recommends doing so well before applying for new debt.

Resolution: Don't Be a Complacent Investor

With the bull market in its ninth year, volatility near historic lows and U.S. stock indexes notching dozens of record highs in 2017, many investors are feeling emboldened. Still, financial advisers say, investors should be cautious.

"Don't assume past is prologue," says Paul Winter, president of Five Seasons Financial Planning in Salt Lake City.

Mr. Winter is reminding clients that investors received these returns while having endured little discomfort from volatility or pullbacks. While the tendency to become complacent is understandable, it has to be resisted, he says.

Investors should resolve to stay disciplined and stick to their long-term financial plans in regard to their asset allocation and risk profiles of their portfolios, he says.

Rebalance your portfolio to realign with your initial investment target. If possible, sell stocks in nontaxable accounts such as 401(k)s so that rebalancing doesn't result in a tax bill, Mr. Winter says.

Resolution: Be a Better Financial Consumer

The Labor Department's "fiduciary rule," which aims to reduce conflicts of interest in retirement accounts, took partial effect in 2017 and has served to raise consumers' awareness surrounding the advice they get, what they pay for and the differences among financial advisers and brokers and their duty to clients.

Yet full implementation of the rule, currently delayed until July 2019, is far from certain as the Labor Department reviews it with an eye toward repeal or revision.

The onus is therefore on consumers to query financial professionals to determine whether they act in clients' best interest or pitch products that are most lucrative for them. For example, consumers should ask about their adviser's fees and what investors get for those fees, says Robert Carroll, managing director at Carnegie Investment Counsel in Cincinnati. They also should seek to be aware of any conflicts of interest their advisers may have.

Ask the adviser for a summary that clearly states what you're paying, he says. Once armed with this information, consumers can compare different advisers. They can also negotiate with their existing adviser.

Beware of advisers who get defensive about answering these questions, he says. "Any adviser who hedges on these questions or tries to minimize them may not be a good fit," says Mr. Carroll.

Two resources to check advisers' background: The Financial Industry Regulatory Authority's BrokerCheck database and the Securities and Exchange Commission's Investment Adviser Public Disclosure website.

Resolution: Stay Charitable

The tax overhaul nearly doubles the standard deduction to \$12,000 for single filers and \$24,000 for married couples filing jointly, starting next year. The change may cause 20

million or more taxpayers to no longer itemize their taxes, thus losing the value of charitable deductions.

Yet with many people still suffering from the aftermath of 2017's wave of natural disasters, in addition to the myriad other causes that rely on donations, there is no shortage of need.

Many charities are worried about a drop in giving next year as taxpayers realize their largess may not yield a benefit. "We're concerned that a reduction in charitable giving will impede our efforts to deliver food to the hungry, provide relief for disaster survivors, help those struggling with addiction," Lt. Col. Ron Busroe, national community relations and development secretary for the Salvation Army, said in a statement.

While financial advisers acknowledge it will be harder to claim the charitable-giving deduction starting in 2018, some say donations shouldn't be pegged to what the giver gets in return.

As such, Americans with the financial wherewithal should continue to give, says Stephen Breitstone, head of the private wealth and taxation group at the Meltzer, Lippe, Goldstein & Breitstone LLP law firm in Mineola, N.Y. "The highest form of giving is to do so quietly and expect nothing in return," he says.

Write to Veronica Dagher at veronica.dagher@wsj.com

Appeared in the January 2, 2018, print edition as 'Avoid Last Year's Pitfalls With Fresh Resolve in 2018.'

Copyright © 2017 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <http://www.djreprints.com>.