



January 2021

Ideas to Improve Your Finances in 2021

By: The Professional Team at Buckingham Advisors

Happy New Year! We hope you had a healthy and wonderful holiday season. Here are some financial tips and ideas to help you start off on the right foot as we move into 2021. Please contact us with any questions about these ideas. We would be happy to help you analyze your specific situation and consider new tax strategies, investment ideas and wealth building solutions.

Investments and Savings to Help You Build Wealth

1. Review your retirement account deferral percentage to see if you can add to your contributions. The annual limit in 2021 for 401(K) contributions is \$19,500 (plus an additional \$6,500 for employees over 50), and the annual limit to an IRA is \$6,000 (plus an additional \$1,000 for individuals over 50). Target an annual increase to your savings level of 1% or more and always contribute enough to receive the employer's match, when available.
2. Consider putting some (or maybe all) of your contributions into a ROTH 401(K) if your plan allows it. While a contribution to a ROTH does not provide a current tax deduction, contributions grow tax-free and distributions in retirement are tax-free as well.
3. Reassess your regular expenses and look for ways to save, including subscriptions, insurance, and loan rates. Consider utilizing an online budget tool like Mint.com or Quicken.
4. Review your overall allocation between stocks and bonds in your retirement and investment accounts to make sure they are in line with your goals and risk tolerance.

Estate Planning Review to Reflect Current Realities

1. Review your estate plan to make sure it is up-to-date with your current wishes and the current laws. If you or any of your family members encountered a life change recently, it may be time to update your estate documents to include these changes or even protect against them. These life events include births, marriages, divorces, sale of a business, sudden windfall, etc. One of the more recent laws that has had an impact on estate plans is the SECURE Act that was passed in December 2019. Specifically, if you have a trust as a beneficiary of any retirement plan, you should review your trust document with your estate planning professional to ensure the language within your document is up-to-date with the current law.
2. Review your beneficiary designations on investment, retirement, and bank accounts to make sure they are complete and correct. You can also add beneficiary designations to your vehicles and on real estate deeds (available in Ohio, but not all states).

Financial Planning for 2021 and Beyond

1. Revisit your financial plan and update it for any changes to circumstances, goals or assumptions. Retirement planning stress-testing and accumulation projections can help you monitor your progress toward your goals and to identify opportunities along the way.
2. Speak to an advisor with tax, investment, and financial planning experience to help guide you in your decisions. If you are a business owner, make sure you work with a professional team that can coordinate all business and personal financial planning aspects. Always check the background of a potential advisor before moving forward and seek someone who is a fiduciary, which means they are legally required to act in your best interests.

Best wishes to you in this new year. We appreciate you reading these ideas and look forward to providing you with more information and ideas in the coming months. Buckingham Advisors is Ohio-proud, with locations in Columbus, Dayton, Lebanon and Wilmington. We are fully staffed and working daily under the most current CDC guidelines. We would love to meet you in person, even if wearing a mask. To be invited to our webinars and receive other updates, please subscribe to our email list at www.MyBuckingham.com.