

first allied**Financial Commentary**

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In-depth commentary on current financial topics.

Provided by:



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Your Four-Step Mid-Year Money Checklist

We remember to change the oil in our car when the warning light comes on, and we pick up our fitness routines when the doctor reminds us it's time for our yearly physical. Consider this article a reminder to get ready for your mid-year money checkup.

June marks the halfway point of the year and a good time to think about your personal finances. How did your investments perform in the past six months? Do you need to reassess your risk tolerance or want to improve your return? It's time for a portfolio check up to ensure your investments are weighted appropriately for a market moving in a positive direction.¹ On May 17, the Dow and S&P 500 set new record highs at 15,354 and 1,666 respectively, signaling a stock market and economy on the mend. The latest U.S. consumer sentiment report for May rose to the highest level in nearly six years, showing Americans are feeling more positive about their financial and economic prospects. But as we've seen in previous years, the uptick isn't always long-lived. Investors must prepare for market volatility in their investment mix and make small touchups that could prevent big money gushers in the future.

With six months of earning, spending and saving under your belt, you have plenty of information to project how the rest of the year is going to play out. Here's your four-step mid-year money checklist:



Update Your Personal Balance Sheet

It's time to review and update your budget. This should not be a big project, especially if you utilize money-tracking software like Mint.com. All you need to do is simply record balances of your banking accounts, brokerage accounts, retirement savings accounts, your home equity and short- and long-term debt. Updating your personal balance sheet gives you the opportunity to see where your money is going – up or down – at a glance and where there are areas for improvement. This helps provide a clear starting off point for the next three steps in the checklist.



Review Your Employer-Provided Benefits

If you have a 401(k) or a 403(b) plan through your employer, take time to review your current contributions and determine if they can be stepped up to better fund your retirement nest egg. Consider these words of advice, "Never turn down free money." The first step is to start making contributions if you haven't already. Often people don't make large enough contributions to get the full match offered by their employer. Some employers even match half your contribution. With or without a match, saving money for retirement is crucial, especially when it grows tax-deferred. The 401(k) contribution limits for 2013 are \$17,500 if you are under 50 years old and \$23,000 if you are age 50 or older.



Estimate Your Tax Situation

What did your tax refund look like this year? If it is a large sum, consider changing your W-2 withholding to have less money withheld in the second half of the year. On the other hand, if you owed money come tax time, then consider increasing your withholding to avoid having to pay Uncle Sam next year. You don't need to wait until April to work with a certified public accountant to review your tax situation. Make an appointment today to better prepare for the upcoming tax season.



Rebalance Your Portfolio

The most common half-year investment strategy is to rebalance your portfolio. Say, for example, investor John Smith had chosen a 70 percent stock and 30 percent bond mix, a relatively risky asset mix. A mid-year portfolio review could help Mr. Smith reassess his current returns, see where his portfolio may have fallen off course and adjust as necessary. Regardless of performance, periodic rebalancing—whether every month, six months or a year – is necessary to maintain your financial goals. Or you could follow the path of “threshold rebalancing,” a process in which rebalancing occurs when the asset mix deviates from the target by a certain amount.²

The goal of investing is to work toward a goal—whether you are saving for retirement or preparing to send kids off to college. A financial advisor can review your portfolio on a semi-annual or more regular basis to help pave your path to long-term financial growth, while anticipating market fluctuations.

Call us today to schedule your mid-year portfolio checkup.

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¹ <http://www.cnbc.com/id/100746451>

² [http://genxfinance.com/mid-year-financial-checkup-mini-series-part-3-investment-changes/.](http://genxfinance.com/mid-year-financial-checkup-mini-series-part-3-investment-changes/)