

On money matters, one size does not fit all

By Deacon Patrick Goles

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Whether you are 50 or 90, investing and financial matters are not “one size fits all.” When your friends boast of the terrific investment they just made, that does not mean that it is appropriate for you.

So many variables should go into financial decisions. If you are working, how much longer will you be on the job? When will you begin taking your Social Security? How should your assets be titled, so as to protect you now and to ensure the efficient passing of your assets upon your death? What is your emotional risk tolerance?

What ethical and moral values go into making your decisions? For example, will you invest in companies whose business practices are in opposition to our Catholic values? Is it important to you to pass on your assets to your heirs, or are you okay with using your principal during your lifetime? The list goes on and on. For now, I simply emphasize how personal and individual your plans and subsequent decisions should be.

That said, there are some universal factors that apply to all. For example, if you are still working, make certain that you are maximizing your contributions to your retirement accounts, be they IRA, Roth IRAs, 401Ks, 403Bs and the like. This is especially critical for employer-sponsored plans, where the employer matches part of your contribution. If you are not doing this, you are turning down free money from your employer. It is critical that you contribute at least up to the point of your employer match, and absolutely foolish if you don't.

Another universal principle is to do your homework! Don't take the path of least resistance. Too often, folks are overwhelmed and don't do their homework. That is not good stewardship. That is why it's essential to have a respected, competent and caring adviser to be there for you, just as your physician, attorney and other professionals.

This has become especially important for seniors who, in this low-interest-rate environment, are struggling to replace income from CDs or bonds that have matured. Which is best going forward: CDs? Bonds? Preferred stocks? Common stocks? Immediate annuities? Fixed annuities? Indexed annuities? Variable annuities? Indexed CDs? The list goes on and on.

Some may be appropriate in your circumstances, but you should have someone explain the pros and cons of each option. Your adviser should help you with a plan

and meet with you regularly to review your financial situation. Your circumstances will be changed as you get older, so the best of plans need to be reviewed systematically. A maintenance schedule is included with every new automobile purchase. The same rationale applies to your finances, so find and keep a trusted professional adviser.

Too many times we get investment and financial advice (often unsolicited) from friends and acquaintances who want to impress us with their presumed financial prowess. Of course, they rarely share their mistakes. There is, of course, no perfect investment – right for all people at all times and in all circumstances. Each and every investment has upsides and downsides. Make yourself aware of them before you commit.

Finally, no matter your age, make sure that your legal paperwork is in order. The most perfect plan can be sabotaged by improper or outdated forms. Make sure that your will is current and reflects your wishes as they are today, not as they were when the will was written. Are you still happy with the person you appointed as executor?

Ask your financial institution and broker about transfer/pass on death accounts. These allow you to retain ownership of your assets during your lifetime, but efficiently pass them to your heirs in a timely manner upon your death. Make certain that you have appointed a power of attorney to act on your behalf, when you are not able to do so. Look into living wills, advanced directives and DNR directives as well. Hopefully, this information was more enlightening than overwhelming and will prompt you to do the financial homework commensurate with responsible stewardship.

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