



Financial Decluttering Pays Many Dividends

“For every minute spent organizing, an hour is earned.”

– Benjamin Franklin

At Heritage, when we first meet with prospective clients we often start by asking them what their financial goals are. Most people have a ready answer for this question, and their goals often include a comfortable lifestyle, providing for their family, and an eventual retirement in which travel, leisure, charity, and legacy are prominent.

Then we ask a second question, which is far more difficult: “How do you plan to get there?” We find that, while most families have clear financial goals, they tend to lack a clear plan for achieving those goals. And, we often find that there is an even more basic problem lurking beneath the surface, and that is a lack of organization. If you have no plan you will probably not achieve your financial goals, but if you are not organized, you cannot even *begin* to plan.

Being disorganized is certainly understandable. The world is becoming more complex all the time, and the economic aspect of our lives is no exception. It is easy for a layperson to feel overwhelmed when faced with financial complexity and clutter, and many people simply give up and say “I don’t even know where to

begin.” Fortunately, there is a logical place to begin: Consolidation.

Consolidation

The first step to organizing your finances is consolidating your assets. If you are age 50 or older, chances are that you have changed jobs more than once, perhaps moved from one city to another, and worked with more than one financial advisor. As your life and career progress, you tend to leave a trail of financial disorder in your wake.

With each new job, city, and advisor comes one or more new investment accounts to keep track of, and this can eventually become overwhelming if your accounts are not consolidated along the way. If your money is scattered among multiple institutions and investment strategies, it is difficult to get a clear picture of what assets you have and what fees you are paying, and nearly impossible to formulate a coherent plan. So, the first step is to get all or as much as possible of your assets consolidated under one roof.

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Coordination

Consolidating your investment accounts is a good start, but financial organization also means coordinating your investments with other aspects of your finances, and this usually begins with tax strategy. Your investment portfolio should be structured and implemented with the details of your taxes in mind, including your marginal tax rate, your exposure to capital gains or losses, your ability to contribute to tax-deferred or tax-free accounts, and your current and future need for cash flow from your investments. A consolidated investment strategy will simplify your finances, and coordination with your tax situation will allow you to keep more of what those investments earn.

Your investments also need to be coordinated with your estate plan. This involves important but often overlooked details such as the correct titling of investment accounts, the proper location of assets, and making sure that beneficiary designations are up to date. If your assets are scattered in many different places this is quite difficult to manage, but a consolidated and coordinated process will ensure a smooth transition of your legacy after you are gone.

Implementation

Organizing your assets and creating a comprehensive plan are essential, but simply establishing a plan is not enough. Unless you have a well-defined process for the implementation of your plan, the devilish details of wealth management can quickly conspire to move you from a blissful state of order back into disarray and disorganization. Market volatility, changes to the tax code, changes to your goals, and all of the unplanned random events of life will once again throw your financial life into a state of chaos if your plan is not managed on an ongoing basis.

This is where a talented professional advisor can be of the most value. The day-to-day drudgery of properly managing wealth requires constant focus and rigorous discipline, and most individuals lack the time and inclination to do it well. A good advisor will liberate you from the monotonous details and help you to stay organized once your plan is in place.

Being disorganized is a very common and persistent condition, and it makes most of us feel uncomfortable. But disorganization is a condition that must be treated because *getting organized solves problems*. If you can get your finances in order and keep them that way, you will better understand your current financial position, you will feel much more comfortable with your plan, and you will have a greater sense of confidence that your future financial goals are attainable.

The good news is, financial decluttering is not a Herculean task; the only difficult part is getting started. If you hire a competent advisor, he or she can quickly get you moving in the right direction, consolidate your assets, coordinate your investments, implement a comprehensive plan, and make your life easier and less stressful. Yogi Berra said, "If you don't know where you are going, you might wind up someplace else." You and your advisor can get your financial life organized now, clearly define where you are going, and most important, plan how to get there.



Heritage Investment Group provides wealth management and investment guidance to high-net-worth individuals, families, charitable foundations and qualified plans. We provide seasoned financial guidance, with respect and integrity, backed by a disciplined investment process. Since 1993 we've built our firm on a strong foundation of family and friendships with guiding principles of ethics and integrity.

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