

Tis' the Season for Lists!

Dear Valued Clients & Friends:

'Tis the season to review lists that we made either at the beginning of the year or at the beginning of the holiday season (and maybe even check them twice if you are like Santa). Lists are a great tool for many things. They give us a goal. They keep us focused. They give us feedback. Financial planners like goals, focus, and feedback. Financial planners love lists!



Perhaps a list's biggest benefit is the reference point it provides when your plan is under "attack". We all can relate to walking into the store (or clicking for those internet shoppers) and quickly realizing our list is being targeted by the store's marketing team. The stores want "their list" to become "our list". Enter without a list and you might end up with theirs very fast. Is that what you wanted?

Bring in a list of your own making and you get instant feedback:

- If it is on my list-check it off
- If not on my list-do not need it (Or, if not on my list but better than the item on my list, then make a substitution)

All the areas that make up financial planning are no different than your shopping lists. Your financial plan becomes your shopping list.

- What is your goal? Check the financial plan.
- How do we keep focused? Is this opportunity better? Does this make sense for me? Check the financial plan.
- How are we doing in achieving our goal? Check the financial plan.

Similar to shopping lists, if you are not prepared to battle the sensory overload with a good financial plan, it is easy for others' goals to become your goals unknowingly. Or perhaps an opportunity is passed by because we did not have a good reference point to judge the opportunity. Being able to act on an opportunity can be just as important as being able to fend off items not needed as some sales are actually good sales! Here are some of the opportunities we see and are looking to take advantage of when and where it is appropriate.

Current Opportunities

We are constantly monitoring and reviewing opportunities with new tax law changes, investment research, and financial planning topics. These are a few of the items we have been researching this past month.

Tax gain/loss harvesting and rebalancing - We continue to rebalance portfolios based on the investment goals stated in your financial plan. In addition, opportunities to reduce current tax liability or mitigate future tax liabilities by modifying the specific asset holding are being evaluated and acted on if appropriate. We think of this as a grocery list. It is constantly being monitored and reviewed throughout the year.

Tax law changes - Last week, Congress approved and President Obama signed the Protecting Americans from Tax Hikes (PATH) Act of 2015. Notably this tax law change made certain previous temporary individual income tax provisions permanent. Specifically, the state and local sales tax deduction, the American Opportunity Credit for college students, the qualified charitable deduction for IRA distributions, and the enhanced child tax credit were retroactively reinstated for 2015 and made permanent going forward. From a financial planning standpoint, this permanency is a welcomed development. Simply put, one less variable item in a financial plan is a good thing.

The question remains if it's relevant to you? To us, this tax law might be considered more of a birthday list. Because the Path Act impacted only some of the existing tax laws, it is likely applicable only to a select few. For those that it applies to, let us be the first to say "Happy Birthday!"

Investment research - Last but not least, we are always looking for ways to improve the investment process. By having a well-thought out overall investment philosophy, we are able to evaluate new ideas and assess whether they are just good marketing pitches or are actually improvements to our investment process. For example, if we can get better diversification at a better value, we will be ready to implement. This is part of our Christmas list in which everyone can benefit throughout the year. After all, good Christmas shoppers are alert all year long. The only difference is we do not have to wait until Christmas to receive the benefit!

Conclusion

Although it is easy to get too focused and too worried about having the "right" financial and shopping lists, the holiday season is also a good reminder why we have them. We have lists to bring, to see, and to experience joy with others. Your McCarthy Grittinger Financial Group team feels fortunate that you have allowed us to help you with your lists. We wish you the very best this holiday season and look forward to your new lists in 2016!

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