Words of Wisdom

As year-end approaches, we trust that "lists" of advice will become quite plentiful. We hope that you enjoy our rendition. And, as always, we would love to hear from you if you have additional snips of wisdom that have served you well.

- Credit cards aren't for credit or frequent flyer/sleeper/shopper points! They are for convenience and record-keeping. Outside of rare circumstances, if you are not paying them off every month, you might consider not using them. A good credit score is an asset – we like Credit Karma for monitoring your credit score. Know where you stand!

- There are few cases where one might need life insurance for their entire life (whole life policies, variable life, annuities, etc). Those scenarios set aside, don't confuse insurance and investing.

- The only asset protection plan most will ever need involves treating others as you would have them treat you, buying professional and personal liability term insurance, and maxing out retirement accounts.

- The market will continue to offer volatility. If you have determined that you can't sleep at night with the level of volatility that you need in order to achieve financial freedom, consider changing your goals (or some deep breathing exercises during the times the markets offer corrections).

- The financial advisor title is one that can be used by all kinds, regardless of credentials and education, and can include commissioned salespeople who may not have any knowledge beyond the product they are selling – be wary of those whose interests may not be aligned with yours.

- The financial goals planning process should help you determine how much is "enough" – the trick is to balance enjoying your life/wealth now, while still being responsible about your future.

- Beware of popular money management resources. "Good credit, bad credit, no problem! What's in your wallet?" Looking to pop culture and the latest "guarantee" that seems too good to be true is a risky path. Instead, consider relying on respected, trusted media resources.

- A good financial education can be worth millions – spending the time to educate yourself either through your advisor or through reading will pay for itself many times over. We recommend *The White Coat Investor* for Physicians and *Kiplinger's Personal Finance* magazine for others who want an unbiased and holistic reading base.

- If you are a high-income earner and feel a desire to provide your family with a nice house, a fancy car and/or the best education money can buy, that doesn't mean you can necessarily afford all of those things. We find the "Christmas morning luxury car in the driveway with a bow on it" commercials particularly amusing at this time of year.

- For our single readers, marry wisely! Divorce is minimally an expensive financial transaction.

- The back-of-the-envelope number is a 4% withdrawal rate during your distribution years on your portfolio. That equates to ~$40K/year on a $1,000,000 portfolio.

- Try to grow into your income slowly, and try to never fully grow into it. Beware of lifestyle creep and the occasional expenditure explosions (this is especially true for our medical professional community; delayed gratification as a result of years of medical school and residency can trigger this response).

- The old adage of Pay-Yourself-First (PYF) is a good one! Automated savings (at least 15% of gross income as you start out) is the surest method of getting it done. Fill up your tax-sheltered vehicles first, but only after you have accounted for your emergency fund in a money-market type account.

- Never leave money on the table – minimally contribute enough to your 401(k) to get the match!

- While even CPAs have trouble keeping up with the tax code, take enough time to understand your return. Minimally understand the difference between your marginal tax rate versus your effective tax rate.

- Reconciling your checkbook/credit card statement with your stated goals/priorities can be enlightening. If they are not in alignment, consider perhaps changing one of the two.

- The so called new "Retirementality" is much different than the previous generation's concept of "retire at 65 and never work again." With often up to 30+ years to support your lifestyle after the age of 65, the nest-egg need is much larger than it used to be. More importantly though, what will you do in the those 30+ years that is meaningful and healthy? Here's some food for thought on this interesting topic.

- Sharing time and experiences with people you care about will always yield a higher return on investment than any shiny, new ________________.