INVESTING SPECIALISTS

Your 2017 Financial To-Do List

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Getting financially fit is perennially among the most popular new year's resolutions for Americans, right up there with losing weight and exercising more.

But as with getting in shape, it's easy to get overwhelmed by the magnitude of the task at hand. The transition from rich holiday repasts and binge-watching TV series to kale smoothies and 5 a.m. workout sessions can be a bit jarring, and so can the switch from lavish holiday spending to a more mindful, deliberate approach to your investments and finances. When it seems like too much change all at once, it's hard to stick with the program and easy to get discouraged.

That's why, rather than being overly ambitious and setting yourself up for failure, the best approach to any meaningful goal you'd like to accomplish is to tackle it in stages. Knocking off smaller goals, whether it's taking a 20-minute walk each day or finally scheduling an appointment with an estate-planning attorney, can provide a short-term gratification boost and keep you on a path to achieving your larger goal.

Toward that end, here's a 2017 calendar that includes many common financial goals. Of course, you should feel free to tackle these in any order you see fit, or to ignore those that don't apply to you or that you've already achieved.

January

See how you're doing: Are you on track to hit your financial goals? If you're still in accumulation mode, review how much of your salary you managed to save and invest last year; 15% is a reasonable minimum target, but reach for a higher percentage if you're a higher-income person/household. If you're retired, review last year's spending rate to make sure it passes the sniff test of sustainability; this article covers the basics of viable long-term in-retirement spending plans. T. Rowe Price's Retirement Income Calculator is a solid option for assessing whether your current strategy is on track--whether you're still saving or already retired.

Find your best return on investment: The most successful investors consider their total opportunity set--including not just investment opportunities but debt paydown as well. Are you deploying your money into those opportunities that promise the highest return on your investment? If you have high-interest-rate credit card debt, the answer is easy; you'd be hard-pressed to out-earn that interest rate by investing in the market. For investors with lower-rate mortgages and tax-sheltered investment options such as 401(k)s to contribute to, it's usually sensible to deploy money into both.

Bump up contribution rates to accommodate new limits: Company retirement plan contribution limits are the same in 2017 as they were last year: $18,000 for investors younger than 50 and $24,000 for those 50 and older. If you have a high income and earn a bonus, just be sure not to run into the high-class problem of contributing too much too early to earn full matching contributions, as discussed here. While you're at it, consider putting your other investment contributions--to your IRA, for example--on autopilot via automatic withdrawals from your checking or savings accounts. That is apt to help your long-term investment results versus waiting until April to make an IRA contribution, and spreading out your investments help ensure you don’t skip that contribution altogether.

Important dates: Jan. 16, 2017, is your deadline for paying your quarterly estimated taxes if you are self-employed or retired and don't have taxes withheld from your IRA withdrawals.

February

Conduct a review of your investments: If you undertook a portfolio review at the end of 2016, there's no need to go back through it. But if you haven't checked up on your investments for a while, it's a good time to do so. Use Morningstar's Portfolio Manager--and especially the X-ray functionality--to check up on your portfolio's allocations to the major asset classes. (Instant X-Ray is the simplest way to take advantage of this functionality if you don't have a portfolio saved on the site.) The big equity rally in 2016, following on the heels of the multiyear runup in stocks since 2009, means that many portfolios are more equity-heavy (and higher-volatility) than they were meant to be. This article walks you through the basics of a complete portfolio review, while this one makes the case for rebalancing.

Gather documentation on deductible items: If you're planning to deduct items such as charitable contributions, medical expenses, or mortgage interest on your 2016 tax return, make sure you have supporting documentation. Tax-preparation software programs provide useful prompts to ensure you don't miss out on valuable deductions. Investment-advisory fees, tax-preparation help, and investment-related subscriptions such as a Premium Membership at Morningstar.com are deductible expenses, though mutual fund expense ratios are not, as discussed here.

Take a good look at 1099s and W-2s: As these documents roll in, take a moment to gather some intelligence from these numbers before stashing them in a file or copying them onto your tax return. Your 1099 and W-2s provide valuable information about your earnings and investing habits. If your salary has increased, have you also increased your savings rate, including your 401(k) contribution? If you have piddling levels of income from a number of savings-type accounts, can you wring a higher level of income from an online savings account? If your mutual funds made sizable capital gains distributions, would you be better off holding tax-friendly index funds or ETFs in your taxable account?

March

Contribute to an IRA for 2016: April 18 is your deadline for filing your tax return, and it's also your deadline for funding an IRA for 2016. If you haven't yet made your contribution, it's time to get on the stick. Contribution limits are $5,500 for those younger than 50 and $6,500 for people older than 50; this article details the 2016 income thresholds governing traditional (deductible) and Roth IRAs, and this one looks at the same for 2017. Bear in mind that the backdoor Roth IRA maneuver is alive and well for investors who earn too much to contribute to a Roth outright (you simply contribute to a traditional IRA, then convert to a Roth shortly thereafter), but beware of conversions if you have a lot of traditional IRA assets, for reasons discussed here.

Fund your health-savings account for 2016: You also have until April 18 to make a contribution to a health-savings account if you want your contribution to count for the 2016 tax year. For 2016, single individuals can contribute $3,350 to an HSA, whereas those with family coverage can contribute $6,750. People older than 55 can contribute an additional $1,000 to their HSAs. An HSA, used in conjunction with a high-deductible healthcare plan, can make an excellent ancillary savings vehicle for investors who are maxing out their contributions to their traditional 401(k)s. Contributions are pretax (or deductible if you contribute to an HSA on your own) and compound tax-free, and qualified withdrawals are tax-free. This article discusses some strategies for wringing the most from your HSA.

April

Know what to save and what to shred: Tax time has a way of reminding us of the shortcomings of our filing systems for financial paperwork. While the pain of digging around for the documents you need is still fresh, resolve to get organized. If your file drawer is bulging with old statements, prospectuses, and utility bills from 2003, it's time to do some culling. Before you start shredding old financial statements and trade confirmations, make sure that you have documentation regarding your cost basis--or that your financial provider does. (Mutual fund companies and brokerage firms are now required to maintain cost-basis information, but that wasn't the case until this decade.) This article details what you can safely get rid of, as well as the documents that you should keep--either in hard copy or electronic form. It also details the documents that are best filed in a safety-deposit box, fireproof box, or password-protected document.

Go paperless: Your financial providers have probably been badgering you for years about switching over to electronic delivery of your statements. It's time to take them up on it. After all, each piece of financial documentation that passes through the mail puts you at greater risk of financial fraud; you're likely paying extra fees for paper document delivery, too. Before going paperless, make sure that your computer security is up to snuff.

Create a master directory: Every household needs a basic document outlining financial accounts, along with the provider name, account number, URL, and the names of any individuals they work with. You can create a simple spreadsheet, or use this template. Whatever you do, password-protect your document (or keep it under lock and key) and alert a trusted loved one of its existence. This article coaches you on preparing such a directory.

Important date: April 18, 2017, is your tax-filing deadline. It's also your deadline to file an extension if you need more time. Individuals will also need to make their quarterly estimated tax payments by this date. Finally, April 18 is your deadline to make an IRA or health-savings account contribution for the 2016 tax year. (See above.)

May

Assess your emergency fund: Unexpected expenses can crop up no matter your life stage, making it essential to hold liquid reserves--apart from your long-term retirement assets--to defray them. For most households, holding three to six months worth of living expenses in true cash instruments is a good starting point, though investors who earn high salaries or have volatile earnings streams will want to hold more. At this point, an online savings account will tend to offer the highest yield of any risk-free investment type.

Assess liquid assets if retired: Retired people will want to hold even more cash, in case one of their income sources is disrupted for some reason.

Knowing that their near-term income needs are covered can also help retirees ride out volatile times with their long-term portfolios. This article details the bucket system for managing a retirement portfolio; the system employs dedicated cash reserves, then takes on more risk with longer-term portions of the portfolio.

June

Create or review your investment policy statement: Running your portfolio without an investment policy statement is a little like trying to build a house without any blueprints. Your IPS needn't be complicated, but it should convey the basics of what you're trying to achieve: your financial goals and expected duration/completion, your asset-allocation policy, your criteria for selecting investments, and the specifics of how--and how often--you'll monitor the whole thing. You can use this template for your IPS, or craft your own. If you already have an IPS, it's a good time to review it to make sure that it syncs up with your current situation and reflects your current belief system and investment approach.

Create a retirement policy statement: Retired people may also want to craft a document that addresses the specifics of their spending strategies: their targeted income needs and how much of them will be covered by pensions and Social Security; their portfolio spending rate and the extent to which it might change over time; and whether they're using an income-centric, total-return, or blended approach. This article provides a template for a retirement policy statement, and walks you through the steps to take when creating your own.

Important date: Investors who are paying quarterly estimated tax payments will need to have them in by June 15, 2017.

July

Evaluate the viability of your portfolio and your plan: Midyear is a good time to conduct a portfolio checkup, because you have time to course-correct if you've gotten off track. Focus on the fundamentals of your plan and your portfolio, including its asset allocation, whether your savings and spending rates are on track, and salient changes with your holdings.

Conduct a cost audit: In addition to checking up on your portfolio plan, it's also worthwhile to periodically assess the costs you're paying to keep the whole thing running. Because they rarely write a check for financial services, most investors are tremendously insensitive to the dollars and cents they're forking over for fund management, trades, and advice. Spend some time reviewing these costs and translating those percentages into dollars and cents; then see if you can shave them down. Swapping high-cost funds for lower-cost ones is one of the easiest ways to bring your cost load down; investors can buy broad-market index funds for well under 0.2%.

Conduct a tax audit: In addition to checking up on your portfolio's direct costs, also conduct an audit of the drag taxes are exerting on your return. Your 2016 tax return can serve as a valuable guide to the tax efficiency of your portfolio. Are you taking maximum advantage of your tax-sheltered options, including 401(k)s, IRAs, and HSAs? Have you revisited your decision about whether to make traditional or Roth contributions to your IRA and company retirement plan? Are aftertax 401(k) contributions a reasonable option for you? If your taxable holdings kicked off substantial capital gains distributions in years past, see if you can't make some tax-efficient tweaks, such as switching to index funds and ETFs for your equity exposure and adopting municipal bonds for your near-term cash needs.

August

Craft or revisit your estate plan: Planning for your own disability or mortality isn't pleasant, which is probably why estate planning falls by the wayside in so many households. Others may assume that estate planning is unnecessary for them, given that the estate tax exclusion is well over $5 million per individual, currently. But a basic estate plan--in which you determine who will inherit your assets, serve as a guardian for your minor children, and make important decisions on your behalf if you cannot make them yourself--is a must for people at all life stages and wealth levels. Do-it-yourself estate-planning kits are increasingly easy to come by and may help you tick some of the boxes if your situation is very straightforward. But most of us have special situations--special-needs loved ones, our own businesses, or complicated family situations, for example--that call for a customized estate plan drafted by an attorney. This article discusses some of the key estate-planning documents that everyone should have.

Review your beneficiary designations: Many investors aren't aware that beneficiary designations for 401(k)s, IRAs, and other accounts supersede the information they've laid out in their wills. Thus, if you've gone to the trouble of drafting a will or creating trusts, it's essential that your beneficiary designations sync up with what's in those documents. This article discusses what to keep in mind when naming beneficiaries.

Get a plan for your digital estate: Do you have a plan for your digital footprint--your social media or email accounts, for example? Most people don't. This article walks through what you need to know when minding your digital estate.

September

Review your long-term-care plan: Long-term care is another one of those topics that is no fun to think about and, unfortunately, there are no easy answers about whether to buy insurance or self-fund using your own portfolio. To make an informed decision, it's helpful to understand the likelihood that you'll need long-term care, the potential duration, and the costs. This article provides some fresh statistics on all of these matters, and this one discusses some key terminology surrounding long-term care.

Important date: Investors who are paying quarterly estimated tax payments will need to have them in by Sept. 15, 2017.

October

Kick college funding into high gear: Are your children or grandchildren growing by leaps and bounds yet you haven't given their college plans more than a nervous thought (or two or three)? If so, it's time to take a hard look at how you'll pay for it. This article provides a checklist for would-be college savers. Meanwhile, Morningstar's Save for College center provides a wealth of information on 529 plans and college funding in general.

Important date: If you converted a traditional IRA to Roth in 2016--and paid the conversion-related taxes as part of your 2016 tax return--Oct. 16, 2017, is your deadline to recharacterize the conversion, essentially converting back to a traditional IRA. If you received an extension on your 2016 tax return, you must have the return completed and postmarked by Oct. 17 of this year.

November

Conduct an insurance review: Most employers offer open enrollment for health insurance at year-end, but it's also a good time to take stock of your other types of insurance. This article assesses some of the key insurance types to consider.

Watch out for capital gains payouts: Mutual funds typically distribute capital gains in December, and by late November, fund companies are usually publishing estimates of their impending distributions. At a minimum, you want to avoid buying a fund just before it makes a distribution.

December

Be generous: If giving financial gifts to loved ones is on your to-do list, you can be exceptionally generous without making your estate susceptible to the gift tax. Each individual can gift up to $14,000 per person per year without having to file a gift-tax return, and all but ultrawealthy, ultragenerous people will never pay gift tax during or after their lifetimes. Year-end is also a good time to squeak in charitable contributions that may lower your tax bill. Investors who are subject to required minimum distributions can direct their RMDs to charity, thereby reducing their taxable income for the year; donor-advised funds can also be a great option for the time-pressed.

Important date: Dec. 31 isn't just New Year's Eve, it's also your deadline for a number of financial to-dos, such as 401(k) contributions. Investors who are required to take minimum distributions from traditional IRAs and 401(k)s will need to do so by Dec. 31, too.