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12 Resolutions for 2017

Start the new year right by reviewing and revamping your financial plan.

Instead of hauling out those familiar New Year's resolutions about eating less and exercising more, how about focusing on something that's also very good for you in the long run – and even sooner? We're talking about your financial plan – your fiscal health, if you will. The approach of 2017 is a great time to review your plan and make any necessary revisions. With that in mind, here are 12 suggested resolutions that, if followed, can help ensure that your later years will be financially secure.

1. **GET YOUR BALANCE SHEET IN ORDER**
   You can't realistically expect to reach a goal without knowing where you're starting from. Using 12/31/16 as the effective date, update your personal balance sheet (assets versus liabilities, broadly speaking). You should already have (or develop if you don't) an idea of what you're going to need to reach important financial goals. If you're already retired, you also need to know if the income you receive from Social Security, pensions, retirement plan assets or other sources is still going to support your current lifestyle. Either way, you've got to have a scorecard. Everything else really proceeds from this, so take the time to bring all these numbers up to date.

2. **REVIEW YOUR BUDGET AND SPENDING HABITS**
   How close did you come to what you had planned to spend last year? Where did you go off track, and what can you do about that? Has something fundamental changed in your life that affected your expenses, and is that a one-time item or an ongoing cost? Where can you trim expenses? Although some budget items are fixed, a sharp pencil can produce significant savings on other costs. Some businesses engage in a process called zero-based budgeting in which every anticipated expense must be justified again every year (at the personal level, this approach is sometimes called zero-sum budgeting). In other words, the $2,500 you spent last year on travel would have nothing to do with what you budget for travel this year. Instead, you start with what you realistically expect to have as income, then assign those dollars to your various expense categories, while also maintaining flexibility to account for cost areas such as healthcare that can't be pinned down precisely.

3. REVIEW THE TITLING OF YOUR ACCOUNTS

Account titling often occurs haphazardly – an individual opens a bank or brokerage account, meets Mr. or Miss Right, they live together or get married and ... down the line there's a problem. If one partner dies and that bank or brokerage account is still titled only in the original holder's name, those assets can't be readily accessed by the survivor. The solution may be as straightforward as changing to joint accounts, but it's not always that simple. In fact, titling has implications across a wide range of estate planning issues, as well as other situations such as Medicaid eligibility and borrowing power, to mention just a few. Account titling is more than just using the right form; it can also be a tool for estate planning. Review your account titling and determine if that's still the arrangement you want.

4. DESIGNATE AND UPDATE YOUR BENEFICIARIES

If you don't correctly document and update your beneficiary designations, who gets what may be determined not according to your wishes, but by federal or state law, or by the default plan document used in your retirement accounts. When did you last update your beneficiary designations? Has something changed in your life (divorce, remarriage, births, deaths, state of residence) that necessitates changing your beneficiaries? You should update your beneficiaries on anything that affects your heirs (wills, life insurance, annuities, IRAs, 401(k)s, qualified plans ... the list goes on). If you've designated a trust as a beneficiary, has anything changed in the tax laws regarding trusts that could affect your heirs? Have you provided for the possibility that your primary beneficiary may die before you? Have you provided for the simultaneous death of you and your spouse? You need a good estate planner to walk you through the various scenarios.

5. EVALUATE YOUR CASH HOLDINGS

Everyone should have a certain amount of their assets – six or more months of living expenses is a common rule of thumb – set aside in cash accounts that can be quickly and easily accessed. The cash portions of your brokerage and/or retirement accounts serve a different purpose and shouldn't be counted as emergency reserves. Think about where your cash reserves are located. Keep in mind that only banks that are members of the Federal Deposit Insurance Corp. can offer FDIC coverage, and only up to a maximum of $250,000 per accountholder. For example, if you have CDs worth $200,000 and an IRA with $200,000 in assets in the same bank, only $250,000 of that $400,000 total is covered by the FDIC. There are some complexities – and opportunities – within the FDIC rules, so be sure you understand them completely.

6. REVISIT YOUR PORTFOLIO'S ASSET ALLOCATION

The ups and downs of the markets will affect your asset allocation over time. Appreciation in one asset class or underperformance in another can leave your portfolio with an asset allocation and risk profile that differs from what you originally intended. It's important to revisit both your current and ideal asset allocation at least annually and rebalance as needed (Tip: Instead of selling appreciated securities, consider rebalancing with new contributions to help avoid capital gains taxes). This also gives you an opportunity to determine if you are comfortable with the current level of risk in your portfolio. Risk tolerance isn't static – it changes based on your net worth, age, income needs, financial goals and various other considerations. The most recent recession has made many investors more risk-averse. That's certainly understandable, but it may be that you need to – very carefully – take on slightly more risk to keep pace with your goals. You want to make informed decisions here. Review your holdings and your overall asset allocation with your financial advisor and make whatever adjustments are indicated.

Asset allocation does not guarantee a profit nor protect against loss. The process of rebalancing may result in tax consequences.

7. EVALUATE YOUR SOURCES OF RETIREMENT INCOME

Most retirees have several sources of income such as Social Security, pension(s), retirement portfolios, rental properties, notes receivable, inheritances, etc. Every individual picture is different. Think about how secure each source is. Can you really count on that inheritance, are there likely to be vacancies in your properties that would interrupt the cash flow, are the notes receivable backed up by collateral? The point is to know which income sources are reliable and which are less certain, and how much of your total income each category represents. If too much of your retirement income is from sources you consider less than solid, it may be time to reposition your assets.

8. REVIEW YOUR SOCIAL SECURITY STATEMENT

If you're not yet retired, you need to go online and establish an account with the Social Security Administration – the SSA isn't going to be sending individual statements of accrued benefits in the mail anymore. Review your statement, and be sure all your earnings over the years have been recorded. Use the SSA's online calculator to compute your benefits at various retirement ages (it's generally best to wait as long as possible to begin collecting). Revise your spousal plan if indicated – this won't apply to everyone.

9. REVIEW THE TAX EFFICIENCY OF YOUR CHARITABLE GIVING

Think strategically about your contributions – donate low-basis stocks rather than cash, for example. Consider establishing a Donor-Advised Fund, which enables you to take an upfront deduction next year for contributions made over the next several years – and provides other benefits. Give, but do so with an eye toward reducing your tax liability.

10. CHECK TO SEE IF YOUR RETIREMENT PLAN IS ON TRACK

Many investors have delayed their retirement plans for various reasons. The important thing is to respond and determine – promptly and realistically – what changes might be needed given your current lifestyle and market environment. In evaluating the current state of your plan, don't fixate solely on a number – "We'll be fine when our retirement portfolio is worth $X" – that just isn't the way retirement works anymore, if it ever did. You need to drill down into what types of assets you have, what your cash flow situation is and is going to be, what your contingency plans are, what rate of return you're assuming, what inflation rate you're assuming, how long you're planning for, and all the other important details that go into achieving a successful retirement. The truth is that retirement has a lot of moving parts that must be monitored and managed on an ongoing basis.

11. MAKE THE INDICATED CHANGES

By now you should have a good idea of where you stand overall, what your cash flow situation is (including whether you're saving enough), what your retirement income picture looks like, and where the shortfalls or other challenges are. Do you need to adjust your contributions to your IRA or other retirement plans? Do you need to adjust your tax withholding? If you're due for a raise, how about channeling the extra money into a retirement account? Are you taking full advantage of your employer's retirement plan options, particularly any contribution match program? Regardless of whether you're years away from retirement or fairly close, the effects of compounding can be very significant – if you take advantage of them. Go after any problems areas – or opportunities – systematically and promptly.

12. SET UP A REGULAR REVIEW SCHEDULE WITH YOUR ADVISOR

Your advisor can help you with specialized tools, with impartiality, and with the experience earned by dealing with many market cycles and many different client situations. It's vital that you communicate fully with your advisor, telling him or her not only what's happening in your life today but what's likely to happen or might happen in the future. Are you going to move, change jobs, send kids to college, face the possibility of significant medical expenses? Advisors can't help you manage what they don't know, so err on the side of over-communicating. Establish a regular schedule to get together and review your portfolio, your financial and retirement plans, and what's happening in your life.

Since we all know that many New Year's resolutions don't survive that long, add one more to make this a baker's dozen. Resolve to really follow through on these – and give yourself permission to spend a day lazing around watching movies and eating ice cream when you're done! Just one day, though

Can Lumbar Support Devices Relieve Lower Back Pain?

On a scale of 1 to 10, lower back pain can register somewhere between "I need an aspirin" to “please jack me up with morphine.”

Those suffering from such discomfort might feel moderate to mild pain that is not debilitating. In severe cases, they could feel like a giant electrified claw has claimed the lower part of their back, tearing into each nerve in that part of the body. The smallest of movements – getting up from a chair, walking or even coughing – can feel torturous. Maybe the lower back is as stiff as hardened concrete and as sensitive as an exposed nerve.

A simple lumbar support device, or back brace, can provide short-term relief, research shows, according to an analysis of 28 studies published in the September 2016 issue of the Annals of Physical Rehabilitation Medicine journal. While these devices won’t cure the underlying condition, they're simple and relatively inexpensive. In the 2016 meta-analysis, researchers concluded that lumbar support devices are useful for improving function and reducing pain among those suffering from subacute back pain, which means it's past the acute stage – which is sudden and short in duration – but not long-lasting enough to be chronic.

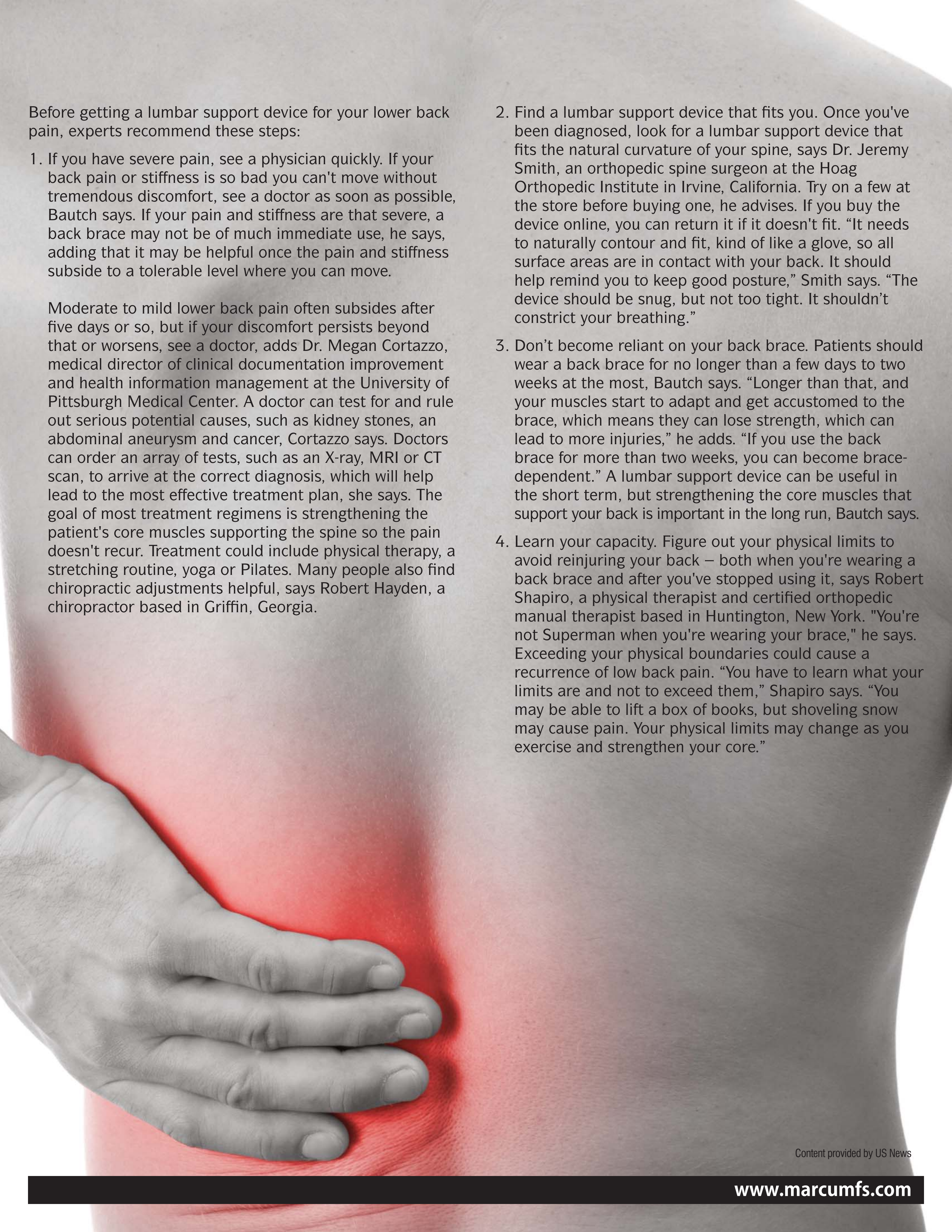
“Lumbar support devices provide enough compression and support for the lower back to allow healing to occur,” says Christopher Cousins, a physical therapist based in the District of Columbia. “The compression on the abdomen means there’s less pressure on your lower back discs, ligaments, muscles and spine.”

Lumbar devices typically fit around your waist and are secured with Velcro. They often have a steel or plastic plate attached to the section that would press against the patient’s lower back to provide support; some have over-the-shoulders straps. Most over-the-counter lumbar support devices cost between $25 and $130, and they're available at many drug stores, Target and Wal-Mart, plus online without a a prescription. Custom-made lumbar support devices, which are contoured to the natural curvature of the patient’s spine, cost from a few hundred dollars to about $1,000, Cousins says.

People who suffer mild to moderate subacute back pain should put on a back brace as soon as their discomfort sets in, says Scott Bautch, a chiropractor in Wasau, Wisconsin, and president of the American Chiropractic Association's council on occupational health. "You want to give yourself bracing so you can move," Bautch says. "Inactivity or immobilization is the worst thing for a back. You want to remain active, and a brace can help you do that."

Some studies have shown that wearing a lumbar support device could lead to negative effects, such as skin lesions, muscle wasting, gastrointestinal disorders, higher blood pressure and higher heart rates. Those issues are rare and typically occur with people who wear a back brace for an extended period of time, for more than the week or two most experts recommend, Bautch says. If a back brace fits well, is worn properly – that is, it's not too snug – and is not overused, it shouldn't create any health problems, Bautch says. During the course of his 30-year career, Bautch says, hundreds of his patients have worn lumbar support devices. None of them developed any problems, aside from a handful who had minor skin irritation where part of the brace rubbed their body, Bautch says. He remedied that issue by having his patients wear an undershirt between the lumbar support device and their skin.

Searing, subacute back pain is caused by an array of conditions, including a herniated disc, in which the soft, jelly-like center inside the disc pushes out through a tear in its tough exterior and irritates nerves. A herniated disc can cause sciatica, a painful condition that affects the back, hips and legs and is caused by the compression of a spinal nerve root in the lower back. Spinal discs degenerate with age, and a herniated disc can occur without a physical injury, says Dr. Neel Anand, director of spine trauma at Cedars-Sinai Medical Center in Los Angeles. "Think of your disc like your car tire – it's going to wear out," Anand says.



Before getting a lumbar support device for your lower back pain, experts recommend these steps:

1. If you have severe pain, see a physician quickly. If your back pain or stiffness is so bad you can't move without tremendous discomfort, see a doctor as soon as possible, Bautch says. If your pain and stiffness are that severe, a back brace may not be of much immediate use, he says, adding that it may be helpful once the pain and stiffness subside to a tolerable level where you can move.

   Moderate to mild lower back pain often subsides after five days or so, but if your discomfort persists beyond that or worsens, see a doctor, adds Dr. Megan Cortazzo, medical director of clinical documentation improvement and health information management at the University of Pittsburgh Medical Center. A doctor can test for and rule out serious potential causes, such as kidney stones, an abdominal aneurysm and cancer, Cortazzo says. Doctors can order an array of tests, such as an X-ray, MRI or CT scan, to arrive at the correct diagnosis, which will help lead to the most effective treatment plan, she says. The goal of most treatment regimens is strengthening the patient's core muscles supporting the spine so the pain doesn't recur. Treatment could include physical therapy, a stretching routine, yoga or Pilates. Many people also find chiropractic adjustments helpful, says Robert Hayden, a chiropractor based in Griffin, Georgia.

2. Find a lumbar support device that fits you. Once you've been diagnosed, look for a lumbar support device that fits the natural curvature of your spine, says Dr. Jeremy Smith, an orthopedic spine surgeon at the Hoag Orthopedic Institute in Irvine, California. Try on a few at the store before buying one, he advises. If you buy the device online, you can return it if it doesn't fit. “It needs to naturally contour and fit, kind of like a glove, so all surface areas are in contact with your back. It should help remind you to keep good posture,” Smith says. “The device should be snug, but not too tight. It shouldn’t constrict your breathing.”

3. Don’t become reliant on your back brace. Patients should wear a back brace for no longer than a few days to two weeks at the most, Bautch says. “Longer than that, and your muscles start to adapt and get accustomed to the brace, which means they can lose strength, which can lead to more injuries,” he adds. “If you use the back brace for more than two weeks, you can become brace-dependent.” A lumbar support device can be useful in the short term, but strengthening the core muscles that support your back is important in the long run, Bautch says.

4. Learn your capacity. Figure out your physical limits to avoid reinjuring your back – both when you're wearing a back brace and after you've stopped using it, says Robert Shapiro, a physical therapist and certified orthopedic manual therapist based in Huntington, New York. "You're not Superman when you're wearing your brace," he says. Exceeding your physical boundaries could cause a recurrence of low back pain. “You have to learn what your limits are and not to exceed them,” Shapiro says. “You may be able to lift a box of books, but shoveling snow may cause pain. Your physical limits may change as you exercise and strengthen your core.”

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