Annual Checkup - Financial Wellness Worksheet

Wellness Principle	How To Do It	Why	Measure
1. Chart your course.	Identify goals and the paths to your most important dreams.	Planning where you want to go and tracking your progress improve the likelihood of achieving your goals.	Update your Life Goals Matrix.
2. Your health is your greatest wealth.	Be good to your mind and body by eating right, sleeping 7 – 8 hours per night, exercising at least 60 minutes each day, and getting an annual checkup.	Good habits reduce health care costs and increase your happiness, productivity, and longevity.	Review the year's health behaviors and events. Work with your doctor to identify benchmarks, such as cholesterol, blood pressure, and pulse readings, that are appropriate to you.
3. Save and monitor your progress.	Use financial ratios, such as over/under budget, annual savings rate, return on investment, and net worth to gross pay, to keep yourself on track.	Use tools and techniques to help you accomplish your short-term and long-term goals in the anticipated economic environment.	Less than 5% over or under budget on a monthly basis. Savings rate = 1% of gross pay plus retirement need, annually. Net worth growth = 5 – 10%, annually. Net worth to gross pay ratio = .4:1 at age 27 progressing to 24:1 at age 67 if no pension is available (6:1 if a pension and Social Security are available).
4. Track your credit score.	Obtain your free credit reports three times per year and review them for accuracy and possible identity theft.	A good credit score impacts employment and borrowing opportunities.	Shoot for a score in the 750 – 850 range by paying bills on time and avoiding overuse of credit.
5. Maximize your net take-home pay.	Keep tax withholdings and estimated tax payments approximately equal to your annual tax liability.	Make your money work for you by avoiding tax surprises and big refunds.	Tax payments = 90% to 110% of annual tax liability.
6. Lower your effective tax rate.	Take advantage of pre-tax income, such as employer-provided fringe benefits and retirement plans.	There is nothing sinister about avoiding tax; everyone does it.	Your effective tax rate (tax/total income) is lower than the average tax rate (tax/total taxable income).
7. Manage your risks.	Every one needs medical insurance; most adults also need auto, home umbrella, disability, professional liability, life, and eventually long-term care insurance.	Large losses can decimate even the best plans. Save money by sharing the risk.	Review the checklist for appropriate coverages by reviewing recent purchases and sales, deductibles, copays, and liability limits. Calculate your current life insurance need based on changing debt level, education goals, and income replacement desires.
8. Reduce your debt to asset ratio over your lifetime.	Debt allows you to add to your human capital and acquire material assets, but you should use it intelligently, and avoid it and eliminate it when you can.	Debt is often a burden preventing young people from starting their lives and older workers from retiring.	Debt to asset ratio is less than 1:1 at age 27 progressing to .2:1 at age 67.
9. Choose a mix of fixed income and equity investments that matches your risk and reward goals; stay the course.	The biggest determinant of your long-term investment return is how much you invest in equities. Accepting risks is necessary. To avoid emotional mistakes, call your adviser before making major purchase and sell decisions.	You need to earn a rate of return from your investments greater than the rates of inflation and taxation to avoid a lifetime of employment.	Risk tolerance is appropriate to your comfort zone and need and at a level that generates a return greater than 1% after tax and inflation.
10. Create peace of mind for you and your family.	Name decision makers to act if you are incapacitated and after you die. Make sure financial responsibilities will be handled if you are incapacitated and your property passes to your loved ones when you want and how you want after you die.	The only certainty in life is uncertainty. If you do not make these decisions for yourself, the government will make them for you.	If you are over 17, you need to have current durable powers of attorney for health care and finances, a HIPPA authorization, and a living will. If you have minor children, you need to name a guardian in your will. If you own property, you need a will and a revocable trust.
11. Consult with experts to maintain your financial wellness.	To answer questions when you need help, identify advisers you feel comfortable calling who are caring and competent.	There is nothing more reassuring than a human guide when you are lost.	Review your major financial decisions from the past year, and think about upcoming decisions which impact your plan.