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# The Long-Islander

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## Part Two: Year-End Financial Considerations

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One thing that needs reiterated each year at this point is to *not* buy mutual funds – that’s especially true this year.

Funds tend to take capital gains, both short- and long-term, toward the end of the year. You do not want to get a big gain you have not had the benefit of. Wait until after they declare the gain and then buy when the share price drops. This is for funds bought in a personal after tax account. You’re fine if the purchase is in a qualified plan, i.e. IRA, ROTH IRA, etc.

Another area is to review your emergency fund, a fairly liquid investment available for an unexpected emergency, such as a new transmission, or for when the boiler gives up the ghost. I believe the fund should hold enough to cover nine months of living expenses. Most do not have that kind of funding sitting around, so start with an amount you can afford and do an automatic, monthly investment until you reach the proper amount.

As you gets closer to retirement,

you might consider increasing the amount to one-to-two years of value. The reasoning is that, if the markets have another downturn like 2008 through 2010, you would not have to liquidate your equity positions, which might be down 15-25 percent in value. If you would like to further discuss benefits of an emergency fund, we are here. The funding for this type investment should be in a pretty liquid type low-risk account.

Next, you should consider an insurance policy review for yourself and a discussion of future health care needs and costs with your parents and other elders. You must make sure your entire family is well protected because there are no do-overs here. At year end and when there is a major life event a complete review is necessary. A life event is a birth, death, marriage, divorce or winning the lottery. Do you have the right coverage and the correct amounts? Do you have the proper types of policies? Do you need whole life vs. term insurance, or perhaps consider Universal Life? Is long-term life insurance something you should consider? If you rent, do you have renter’s insurance? Over

40 percent of renters do not have insurance and even a small event can cost a small fortune. As a business owner, do you have business interruption insurance? If you are in a flood zone, do you have flood insurance? Occurrences around the country should put this on your radar. Long-term care insurance is another area to look into. Do not wait until the time it is needed, but look years earlier – the costs are less the younger the insured is. Have you had a discussion with your older relatives and loved ones about their coverage and needs? It is the time of year for giving so consider that talk.

Lastly for this article is reviewing your IRA and ROTH IRA contributions for the current investment year. As an individual you are allowed to invest up to \$5,500 each year – you must have had that much in earned income to qualify. If you are over age 50 you have a catchup provision that allows you to invest an additional \$1,000, for a total of \$6,500. You can make these contributions up until tax filing in April 2018, however, if you want the deduction (IRA) for the prior year, contribute before Dec. 31. This issue can get complicated, so speak with your financial advisor and or CPA. If you

would like, please give the “Expert” a call and we will be glad to help you with your qualified plan decisions.

This is our last column for 2017. We hope we have given you a better understanding of the issues involved with your successful investment decisions. We appreciate your kind remarks of encouragement and ideas for future columns. To you and yours, we wish you the very best of health, happiness and prosperity in the coming year.



*Huntington's Jon L. Ten Haagen, CFP®, runs Ten Haagen Financial Services, Inc., a full-service independent financial planning firm, and he is here to answer your questions. In this bi-monthly column, Ten Haagen will answer your financial questions and help you with his expert financial advice. Don't be shy, our expert is here for you, so feel free to ask away! Email your questions to [asktheexpert@longislandergroup.com](mailto:asktheexpert@longislandergroup.com) today, and let our expert help you.*

*\*Ten Haagen is an Investment Advisor Representative offering securities and advisory services offered through Royal Alliance Associates, Inc., member of FINRA/SIPC, and a registered investment advisor. He is also an active community member, serving on several nonprofit boards and as executive officer of the Greater Huntington Boating Council.*

*\*\*BACK IN HUNTINGTON: The offices of Ten Haagen Financial Services, Inc. have moved back to 191 New York Ave., Huntington. Friends and clients are welcome to stop by, check out the new office and share a cup of coffee with the expert!*