

January 8, 2014

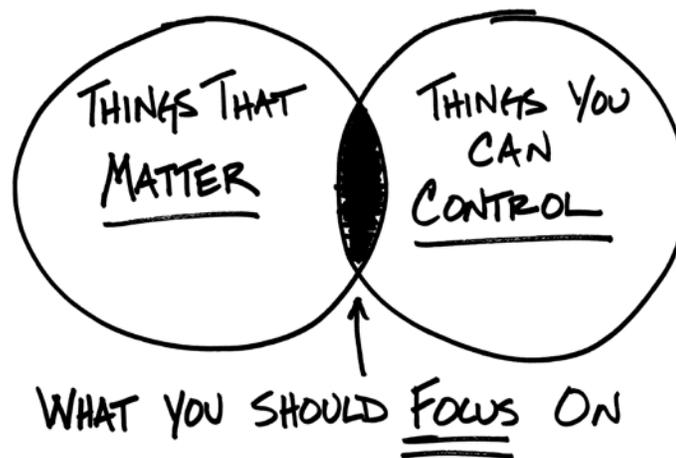
### Financial Goals for 2014

By Scott P. Noyes, CFA® CFP® and Cynthia Aiken

Happy New Year! As you know, this is the time of year for making resolutions – you’ve heard them all before – lose 20 pounds, start exercising, volunteer, read more or learn a second language. These are all great goals, but when you plan *your* resolutions, spare a thought for your finances.

If you’ve resolved to get your financial life in order, we offer several important and easy-to-complete goals. None is groundbreaking, but they are all too easily overlooked. Focusing on a few of these goals could have a wonderful impact on your year and we believe that you will be better organized and more aware of your finances. That will lead to better decision-making and lower levels of economic stress.

**Goal #1 - Focus on things you can control.** Do not waste energy on things you cannot control or things that do not matter. Great focus should be placed on things that matter and can be controlled. Our favorite picture of this by Carl Richards of Behavior Gap is below:

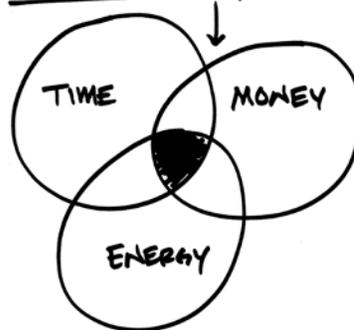


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**Goal #2 - Have a plan with specific goals.** Investing is used as a tool to achieve your goals. Most people invest to save for retirement, college or a major purchase. That means asking questions about your future and mapping out a plan in response. If your goal is a comfortable retirement, then ask: When do you want to stop working? How much do you want to spend in retirement? Where do you want to live? How much traveling do you want to do? Your plan will be more achievable if you have specific goals.

**Goal #3 - Every Plan needs a budget.** Planning and monitoring your budget will help you identify wasteful expenditures, adapt quickly as your financial situation changes, and achieve your financial goals. When you actually see the breakdown of your expenses, you may be surprised by what you find; this process is essential to fully grasp how things can add up. Creating a budget will decrease your stress level because, with a budget, there are no surprises. This sense of financial clarity is important throughout life.

### A BALANCED FAMILY BUDGET



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**Goal #4 - Max out tax-deferred accounts.** The math on this is simple and incontrovertible: Pre-tax income investments start out with about a 40% advantage vs. after-tax investments. If your job offers a 401(k) or a 403(b) **max it out**. Take advantage of this huge tax savings. Another great deal: Roth IRAs.

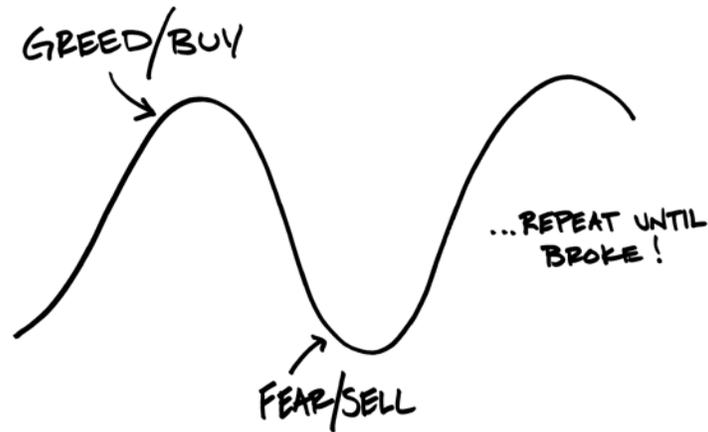
**Goal #5 - Refinance your debt.** The Fed has announced the beginning of the end of quantitative easing. That means higher — and, in some cases, appreciably higher — credit costs. Start with your home. Lock in a low rate, refinancing in a fixed (not variable) mortgage. If you can afford to make the higher payments, go for the 15-year note vs. the standard 30-year note, and your rates will be even lower.

**Goal #6 - No credit card debt!** Credit card debt is one of the worst products due to high interest costs. You might negotiate a lower rate with your bank just by asking. Usually the threat of transferring the balance to a zero-rate “teaser” card gets the job done.

**Goal #7 - Review your investment risk profile.** Recent volatility reminds us of the meaning and magnitude of investment risk. Now may be a good time to re-evaluate your risk tolerance, update your Investment Policy Statement (IPS) and rebalance your portfolio. Contact your advisor.

**Goal #8 - Review your insurance.** Whatever insurance you carry, you probably bought it years ago, and it may be outdated. Review what you have: life, homeowners, even auto may be insufficient relative to your present financial situation. If your house has appreciated, you may need to update your homeowner’s insurance. Look into adding a separate rider for valuables such as jewelry or art. Is your auto insurance sufficient to protect all your assets in the event of a tragic accident? Lastly, consider a general liability umbrella policy to ensure that your assets are protected in case of litigation.

**Goal #9 – Update your will and plan your estate.** It’s a subject that makes people uncomfortable, but here is an incontrovertible fact: One day, you will die. What is within your control is the financial picture you leave behind. It could be a simple process that provides comfort to family or it could be a giant mess. At the very least, ensure you have a will that details how your assets will be divided. If you have young children, appoint a guardian for their care. If you go into a hospital make sure you have appointed your Health Care Proxy and have a Living Will in place. Many people have important end-of-life preferences, and if you want them followed, write them down. Contact your estate attorney.



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**Goal #10 - No day trading.** Stop the cycle of fear and greed. Don't try to outguess or beat the market. The odds are greatly against your doing so. Instead, capture what the market gives you: multiple streams of beta. This means owning a variety of asset classes - preferably in their cheapest configuration: ETFs or low-cost funds.

**Goal #11 - Save for college.** Set up a 529 plan for your kids or grandchildren. College, like raising the children you plan on sending, is not cheap: Open an account, fund it - and possibly get a state tax deduction and pay for college expenses with tax-free funds.

**Goal #12 - Give to charities and individuals.** Helping others can bring you good luck. Donate appreciated assets in lieu of cash to your favorite charities and receive an extra tax benefit. Also, you can give up to \$14,000 to an individual in 2014 and not have to file a gift tax return and the gift is tax-free to the recipient. Maintain records of your contributions and gifting.

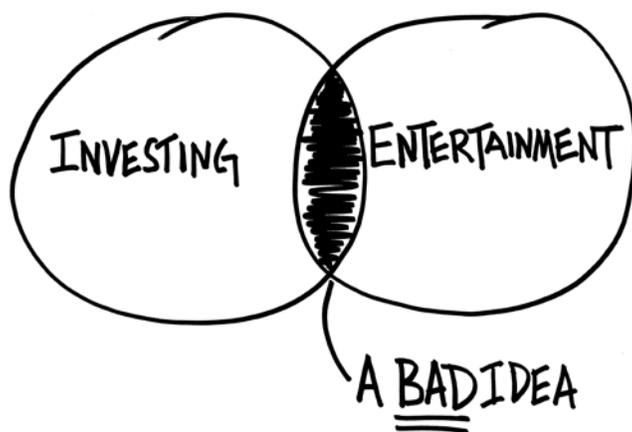
**Goal #13 - Move your banking online.** Set up an auto-pay for your recurring monthly bills. Make other payments online. Make your bank's online platform generate regular reports that you can share with your accountant. This will greatly simplify your life.

**Goal #14 - Rent a safety deposit box.** In addition to whatever valuables you keep there, include the most recent copy of your will, power of attorney, marriage license, divorce agreement, insurance policies and a list of your accounts, online and offline. Include account numbers and passwords.

**Goal #15 - Review your credit reports and close unused bank, brokerage and credit card accounts.** Review your credit report at least annually. Review the reports carefully and if any information appears incorrect, then take action and contact the credit suppliers to accurately update your file. Also, old accounts do not die by themselves. Even if you have a zero balance, banks and brokerage firms will leave your accounts open and may even charge fees if minimum balances are not maintained. It takes about two minutes to draft, print and mail your closing account letter.

**Goal #16 - Stop annoying phone solicitations and unsolicited credit card offers.** If you want to stop annoying phone solicitations on both your home and cell phones, visit [www.donotcall.gov](http://www.donotcall.gov) or call 1-888-382-1222. Likewise, to stop unsolicited credit card offers call 888-567-8688 or visit [www.optoutprescreen.com](http://www.optoutprescreen.com) for five years of relief.

**Goal #17 - Watch less investment news and your world will be a better place.** Investment news has become an entertainment industry. They have learned that fear sells. Most shows and websites are funded by viewer ratings or page views and they create false or overblown narratives. Most of us are in information overload and only receive news that reinforces our opinions. It can be hard to distinguish opinion and noise from useful information, so don't let the media confuse you. Turn off the TV...watch a movie, read a book or find a fun activity.



Wow! How are these for manageable goals?! The cold winter months are a perfect time to tackle even a few of these goals and make solid progress toward a more organized and secure financial future. Try setting a date to complete each goal. As you accomplish one, it becomes easier to tackle another. You'll feel more confident and in control of your finances, be able to make better decisions and sleep better at night.

Whatever your resolutions are, we wish your family health and happiness in 2014!

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