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# Your 10 Most Important Financial Moves for 2021

A new year is just ahead, and here is our annual round-up of planning suggestions. Peruse our broad list of ideas and pick your personal Top 10 for 2021. First, put a checkmark in the box next to each item that seems to fit your situation. Then, from those checked items, select 10 to be on your 2021 "action list." Acting on your Top 10, item-by-item, can make the next 12 months a year of significant progress in your finances.

**by Joseph Slife**

Some years stand out in historical memory: 1066, 1492, 1776, and 1941, to name a few. We don't know if 2020 will be considered "historically" memorable at the same level as those years, but it surely will long live in the memories of those who experienced it. From government-imposed lockdowns to racially tinged riots, from shuttered churches to news suppression by big tech companies, 2020 has been disconcerting almost every step of the way. And to top it all off, a razor-thin presidential election further illustrated how deeply divided America has become.

The year was unsettling in the investing realm too, despite record highs. Early in the year, as concern mounted about a dangerous coronavirus emanating from China, the U.S. stock market dropped like a rock. From late February through the first few weeks of March, the market plummeted from all-time highs into a bear market, leaving investors shocked and confused.

Then, even as the economy reeled from the impact of COVID-19 closures and the disruption of supply chains, massive fiscal and monetary intervention by the Federal Government and the Federal Reserve, respectively, propelled major market indexes to new highs in August and early September. But volatility was considerable and the rebound uneven, with big tech leaving other sectors in the lurch.

By mid-November—as the development of a coronavirus vaccine seemed increasingly likely and engendered hope of a return to more normal economic times—the market began to advance more broadly, again setting record highs, even as uncertainty over the presidential election outcome continued.

### Beyond the here and now

Followers of Christ must maintain an *eternal perspective*. We should ever be "looking to Jesus, the author and finisher of our faith" (Hebrews 12:2). How crucial that was in 2020!

No matter how disturbing the news seemed at times, we could hold fast to the declaration of the Psalmist that "God is our refuge and strength, an ever-present help in trouble" (Psalm 46:1). As the days passed, many of us surely developed an *even greater* longing for that time when "[t]he kingdom of the world has become the kingdom of our Lord and of his Christ, and he shall reign forever and ever" (Revelation 11:15 ESV).

At SMI, we want to help you gain *(continued on page 179)*

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"FOR GOD HAS NOT GIVEN US THE SPIRIT OF FEAR BUT OF POWER, AND OF LOVE, AND OF A SOUND MIND."

FEATURE ARTICLE

## Your 10 Most Important Financial Moves for 2021

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(and maintain) an eternal perspective in your "financial" life, which, of course, is tied inextricably to your spiritual life. An eternal perspective recognizes that (1) God is the owner of everything, and (2) we are called to manage His resources for His purposes. Consider these words from Scripture:

- "The earth is the LORD's, and everything in it, the world, and all who live in it" (Psalm 24:1).
- "For everything comes from him and exists by his power and is intended for his glory" (Romans 11:36 NLT).
- "[R]emember the LORD your God, for it is he who gives you the ability to produce wealth" (Deuteronomy 8:18).
- "What do you have that you did not receive?" (1 Cor. 4:7).
- "God is able to make all grace abound to you, so that in all things at all times, having all that you need, you will abound in every good work" (2 Corinthians 9:8).[1]

The Lord has given each of us a management responsibility that we can't delegate away. Yes, we should turn to others for help in making certain spending and investing decisions. Still, *the responsibility of being a faithful steward remains ours*—and God graciously offers His wisdom for the task: "If any of you lacks wisdom, you should ask God, who gives generously to all without finding fault, and it will be given to you" (James 1:5).

So, as this year ends and another begins, we urge you to thank the Lord for his grace and to focus your thoughts on the One who "chose to give us birth through the word of truth, that we might be a kind of firstfruits of all he created" (James 1:17). And as for your finances, our prayer is that you would "[h]onor the LORD with your wealth and with the best part of everything you produce" (Proverbs 3:9 NLT).

### Selecting your personal Top 10

You're about to read more than 60 suggestions for improving your financial condition over the next 12 months—suggestions based primarily on articles published in the Sound Mind Investing newsletter this year. Most of these are hands-on tasks, while others are more "educational" (i.e., improving your understanding of a topic). Some involve developing or strengthening your ongoing spiritual disciplines.

We've placed a box next to each suggestion. As you read, put a checkmark next to the items that have the most relevance to your situation and season of life. Then, go back through your checked items, asking God to guide you in selecting 10 tasks to set as your financial/spiritual priorities for the new year.

This process is aimed at helping you turn *intentions* into *actions*. We suggest you assign each of your chosen items a specific priority, especially the hands-on suggestions. Make your most important item number 1, the second-most important number 2, and so on. If you're married, go through this process with your spouse so that you can discuss the items, clarify understandings, and be united in your financial goals.

As a practical matter, we suggest you finish implementing at least one of your top three hands-on tasks before starting on others. Trying to do too many things at once can create a sense of being overwhelmed, which tends to lead to insufficient follow-through.

As you'll see, each suggested "action item" below has a footnote showing where to find additional information. Most are references to articles published this year, although some notes refer to websites, SMI articles from previous years, or material from *The Sound Mind Investing Handbook*. ❑ If you don't have a copy of the *Handbook*, you can buy one at a 20% discount via our website.[2]

### Put first things first

As noted above, your financial life is closely connected to your spiritual life. Indeed, they are not separate things. How you view money and how you use it flow from what you believe about God. Since God owns everything (1 Chronicles 29:11) and all you have comes from Him (1 Corinthians 4:7), your "financial calling" is clear: take care of what belongs to the Lord to the best of your ability.

The pressures of life—and the unrelenting messages of our culture—tend to pull us away from this crucial "stewardship" mindset and toward financial laziness and material indulgence. Therefore, each of us must:

❑ **Continually reorient our minds and hearts toward the Lord and His purposes.**[3] To be sure, SMI wants you to achieve financial health and stability, but we want so much more for you. We want you to be overflowing with generosity—a generosity that flows from your love of God. We want you to bring joy to the Father's heart.

❑ **Trust God to work things together for good.**[4] Counting on God's faithfulness can be a daily battle. None of us can ever know what the future holds, but we can know who holds the future. No matter what happens, our trust in the Lord is never misplaced.

❑ **Believe what Jesus said.**[5] Luke 12:32 is one of the most remarkable verses in the Scriptures. Jesus said, "Fear not, little flock, for it is your Father's pleasure to give you the kingdom" (ESV). He wants us to know that our heavenly Father is generous, helpful, kind, and tender.

❑ **Learn to trust God as your provider.**[6] The Lord stands ready to help—most often in ways that seem ordinary but sometimes in ways that are extraordinary. The question isn't "Will God provide what we need?" but "Will we live lives that glorify our Provider?"

❑ **Recognize that disappointments and setbacks can be instruments in God's hand.**[7] The Lord wants to refine us and move us toward Christ-likeness. Don't be surprised if that process involves the testing of your faith. Just remember that God is always present, invariably loving, inevitably faithful, and absolutely worthy of all your confidence.

❑ **Seek the Kingdom of God above all else.**[8] It's not surprising that an unsettling pandemic, economic disruption,

[1]Unless otherwise noted, Scripture quotations are from the Holy Bible, NEW INTERNATIONAL VERSION®, NIV® Copyright © 1973, 1978, 1984, 2011 by Biblica, Inc.® Those marked (NLT) are from the Holy Bible, New Living Translation, copyright © 1996, 2004, 2007, 2013, 2015 by Tyndale House Foundation. Scriptures noted as ESV are from The ESV® Bible (The Holy Bible, English Standard Version®), copyright © 2001 by Crossway, a publishing ministry of Good News Publishers.
[2]www.soundmindinvesting.com/handbook [3]Jul2020:Cover [4]May2020:Cover [5]Mar2020:Cover [6]Nov2020:Cover [7]Mar2020:p34 [8]Nov2020:p162

social unrest, and political uncertainty could cause us to be consumed by worry! But Jesus calls us to set worry aside and embrace a life of kingdom-focused holy living: "Seek the Kingdom of God above all else, and live righteously, and [the Father] will give you everything you need" (Matt. 6:33 NLT).

❑ **Stop expecting from money what only God himself can provide.**[9] The things of this world will never satisfy one's deepest longings. That isn't bad news; it's *helpful* news. Within that insight lies the power to stop looking to money—and the things money can buy—for what they cannot deliver.

❑ **Take concrete steps toward becoming a sacrificial giver.**[10] A willingness to sacrifice is essential for those who follow Christ. Begin by giving up some small part of your plenty (i.e., money you could use to buy something for yourself) for the sake of others who have little.

❑ **Reflect on the Lord's calling in three particular areas of your life: marriage (if applicable), generosity, and work.**[11] What can you do in 2021 to foster the vitality of your marriage? What's the next step in your journey of generosity? How can you use your God-given talents and passions more fully in your career?

❑ **Learn how to become a "spiritual gardener," tilling the soil to help others become more receptive to the gospel.**[12] Following the evangelism advice of the Apostle Paul, be shrewd, be patient, and treat each person as a unique individual.

### Strengthening your financial foundation

A firm foundation is crucial if you're going to build something that will last. Failing to establish a strong foundation in your finances will imperil your money-related health—both in the short-term and the long-term. So if your foundation isn't firm yet, concentrate your efforts here, rather than moving ahead to more advanced topics.

❑ **Create a spending plan (i.e., a budget), or bring your existing plan up to date.**[13] A true spending plan doesn't simply track what you've spent. Tracking is important, but it is essentially record-keeping, not budgeting. A true budget will enable you to answer the question, "How much do I have left to spend in each category?"

❑ **Investigate online platforms that can help you develop and implement a budget.**[14] No budgeting system is objectively "the best." It depends what on you're looking for (from no-frills to robust reporting features) and how much you're willing to pay. If you can't find an off-the-shelf system that seems right for you, try a home-grown approach using a spreadsheet program. Or go "old school" with pencil-and-paper.

❑ **Develop a plan for getting out of debt.**[15] Debt creates a kind of bondage that produces stress and squeezes every other area of your financial life. Having debt also can inhibit your ability to hear and respond to God's call.

❑ **Set a target dollar amount for your emergency savings and save toward it aggressively.**[16] Building an emergency savings reserve is crucial to maintaining financial stability. Because the future is unpredictable, establishing a reliable reserve should take precedence over your investing.

❑ **If you have emergency savings in a "prime" money-market fund, move it to a higher-yielding account.**[17] Prime funds were once great options for savers, but with the Fed holding rates near zero, prime-fund yields are scraping bottom. These days, you'll earn more from an online savings account (from a bank or credit union) than you can from a prime fund.

❑ **Take specific steps to get more organized and improve your financial health.**[18] Procrastination is one of the great enemies of financial progress. So set aside time to explore relatively simple changes—from finding cheaper insurance to automating bill payments—that can reduce your cost of living and make your financial life simpler.

❑ **Implement a balanced approach to *prepaying your mortgage* and *building retirement savings*.**[19] Paying off mortgage debt and saving adequately for retirement are crucial to long-term financial health and stability. You could emphasize one goal over the other, but we encourage you to work toward both at the same time.

❑ **Purchase the type of life insurance that suits your needs.**[20] The primary choice is between "term" insurance (which expires after a defined period) and "permanent" insurance (which doesn't expire until after you do). Permanent insurance also acts as a financial asset because it accumulates a "cash value" as years pass by. Be aware that a buyer typically will pay 8-15 times more for permanent insurance than for term insurance, even for policies that pay the same death benefit.

❑ **Expand your work-related skills via online training.**[21] Web-based courses that teach job-related skills are abundant and (in many cases) inexpensive. By earning a certification or a professional credential online—or even an entire degree—you can make yourself more valuable to your current employer or increase the likelihood of finding a new job.

❑ **If a financial storm strikes, take protective measures.**[22] The economic upheaval caused by COVID-19 served as a stark reminder that life can change fast. Weathering a financial storm may require you to make demanding (but likely temporary) changes aimed at cutting expenses and improving cash flow.

### Developing your investing plan

❑ **Start with the core building blocks of successful investing.**[23] Even though you can't control the stock market, you *can* control many aspects of investing. By getting the right foundational structure in place—including having a written plan and choosing an appropriate asset allocation (i.e., how you divide your portfolio among different kinds of assets with different levels of risk)—you're much more likely to succeed over the long haul.

❑ **Study SMI materials so that you become an educated investor.**[24] When you're starting out, investing can seem intimidating. That's normal. All investors start with limited knowledge of what to do and how to do it. At the most basic level, we believe a Christian investor needs three things to be successful over the long haul: faith in God's guidance, a knowledge of certain market truths (and untruths!), and a willingness to implement a clear, objective strategy.

[9]Oct2020:p146 [10]Jul2020:p103 [11]Jan2020:p2 [12]Dec2020:p178 [13]Feb2020:p22 [14]Jan2019:p6 [15]Jul2020:p102, *SMI Handbook* [16]Apr2020:p54
[17]Oct2020:p150 [18]May2020:p70 [19]Sep2020:p134 [20]Mar2020:p38 [21]Nov2020:p166 [22]Jun2020:p86 [23]Feb2020:Cover, *SMI Handbook* [24]Jul2020:p98

❑ **Commit to giving the stock market a major role in your investing plan.**[25] Only stocks have a long-term track record of significantly outpacing inflation and taxes. Most people need that extra "oomph" to meet their retirement-savings needs. But it's wise to mitigate the inherent risk of stock-based investing by making sure your portfolio is built around your risk tolerance and investing time frame.

❑ **Keep a steady course and follow the signals.**[26] If you've been reading and applying the concepts in the SMI newsletter for six months or more, you're fairly well equipped to manage your portfolio. But that doesn't mean the choices are obvious. In some ways, investing is as much art as it is science. That's where the SMI newsletter comes in. Closely following the buy and sell recommendations for the SMI strategy (or strategies) you're using will help you reach your "destination" as safely as possible.

❑ **Rebalance your portfolio.**[27] Even without intentional changes in your asset allocation, your portfolio will stray from its initial allocation as some investments perform better than others. Every so often, it's wise to "rebalance" by selling some of your holdings and investing the proceeds in other holdings.

❑ **Practice the seven qualities of a disciplined investor.**[28] Even when you're committed to following SMI's rules-based strategies, you'll need *self-discipline* to overcome your emotions and trust the system. Without such discipline, you will undermine your long-term success.

❑ **Train yourself to take market turbulence in stride.**[29] It can be difficult to remain calm when stocks are volatile! To keep a "steady hand on the till," remember that downturns are a normal part of investing in stocks—and that even bear markets aren't insurmountable. It also helps to focus on where you want to be financially in five or 10 years, rather than being fixated on the short-term.

❑ **Learn from other investors' mistakes.**[30] Sure, you can learn important lessons by making your *own* investing mistakes, but that's costly! To avoid common errors, learn from what *others* have done wrong. In our August Cover article, SMI members shared their biggest missteps so that you can avoid making the same ones.

❑ **Maintain an optimistic outlook.**[31] Unsettling events are a fact of life—from political uncertainty to economic calamity to pandemics. Don't give in to fear and pessimism. History suggests that investors who remain optimistic, despite whatever turmoil may be happening at any given time, come out ahead over the long haul.

❑ **Strive to be a dispassionate investor.**[32] It's easy to let emotions control your investment decision-making—sometimes out of fear (during downturns), but also sometimes out of greed (when the market is hitting new highs). Allowing yourself to be motivated by fear or greed makes you vulnerable to rash decision-making. You are more likely to enjoy long-term success if you follow a non-emotional process that relies on objective indicators and adheres to time-tested principles.

❑ **If you're following SMI's Fund Upgrading strategy, refine your fund selections by taking our "relative-risk" scores into account.**[33] Our standard advice when selecting funds from the Recommended Funds page (page 186 in this issue) is to choose the highest-ranked fund available at your brokerage. But you can go a step further toward adjusting your risk exposure by paying attention to each fund's relative-risk number.

❑ **If you want to follow SMI's strategies but don't have the time or the inclination to implement them yourself, investigate the professionally managed SMI mutual funds.**[34] Another option: the personal investment management services offered by SMI Private Client.[35] (The SMI Funds and SMI Private Client are managed by SMI Advisory Services—an affiliated but separate business from the SMI newsletter.)

❑ **Stop following the daily movements of your portfolio.**[36] Most of us aren't wired to process significant swings in our investments without a commensurate swing in our emotions. Emotional upheaval makes us want to "do something" in response—and short-term emotional responses almost always undermine long-term success.

❑ **Hold fast to the truths of God's Word and become familiar with the lessons of market history.**[37] Come what may, we need not fear. The Lord is aware of our needs, and he promises to provide. Even so, good stewardship demands that we plan during times of market calm so that we can endure times of market stress.

❑ **Trust your investing "instrument panel."**[38] Occasionally, market storms are so intense that we can become disoriented and uncertain. At such times, it's important to stick to your plan. A well-considered plan can help you weather the storm both financially and emotionally.

❑ **If you've been investing for a while, remember what you have learned from experience.**[39] The unrelenting pressure of sky-is-falling news reports, which are common when the economy softens or the market plunges, can make even experienced investors nervous and fearful. At such times, remember what you know: God's principles will protect you, the strategies you are following are time-tested, and your patience will be rewarded.

❑ **If you're married, invest as a couple.**[40] It's fine for either husband or wife to take the lead with making trades and tracking returns. However, both should be involved in setting goals, assessing risk, and deciding how much to invest. It's also important to talk through how your investments will be managed in the event of your spouse's death.

❑ **Consider your house a place to live, not an investment.**[41] A house can be a wonderful purchase. Although it may grow in value over time, there's no guarantee its appreciation will outpace inflation, or even that it will appreciate at all. Keep in mind, too, that homeownership comes with ongoing costs. So, in most cases, it's better not to consider your house to be part of your "investment portfolio." Instead, think of it as a consumption expense that provides many non-financial benefits to you and your family.

❑ **Become a super saver.**[42] Super savers save/invest an outsized portion of their after-tax income (typically 20% or more) so that they are well-situated to *(continued on page 188)*

[25]Aug2020:p119 [26]May2020:p71 [27]Jan2020:p7 [28]Sep2020:p130 [29]Jun2020:p87 [30]Aug2020:Cover [31]Apr2020:p55 [32]Apr2020:Cover [33]Nov2020:p167
[34]www.smifund.com [35]www.smiprivateclient.com [36]Sep2020:p135 [37]Apr2020:p50 [38]May2020:p66 [39]Jun2020:82 [40]Feb2020:p23 [41]Mar2020:p40 [42]Jan2020:p6

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## YOUR 10 MOST IMPORTANT FINANCIAL MOVES FOR 2021

meet future needs. Studies show that most super savers free up funds for saving and investing by keeping their housing, food, and clothing costs relatively low.

### Broadening your portfolio

❑ **Practice the principle of diversification.**[43] Spreading your money out over several market segments may not be as exciting as constantly shifting your portfolio toward what's hot. But diversification yields great benefits: It reduces portfolio volatility and helps protect you from overall losses. At the same time, you'll always have a portion of your money invested in the market's top-performing segment.

❑ **If your retirement plan has limited fund options, follow the "alternate method" when using the SMI Portfolio Tracker.**[44] We designed the Tracker to help SMI members implement Fund Upgrading in their work-based portfolios. Having only a few funds from which to choose makes that tougher, but the Tracker can help. Just follow the process we suggest.

❑ **Become acquainted with how SMI strategies respond to changing market conditions.**[45] Most SMI strategies (except Just-the-Basics) are *trend-following* strategies. When the market is moving higher, we embrace that trend in our fund recommendations. When the market weakens, our fund recommendations shift to more conservative funds or different asset classes.

❑ **Understand how some SMI's strategies play both offense and defense.**[46] To be successful, a long-term investing plan must balance the competing goals of growing one's capital and protecting against losses. That's why SMI uses systems in our DAA and Upgrading strategies that strategically shift from offense to defense and back again as market conditions change.

❑ **If market volatility robs you of peace of mind, take the approach of "winning by not losing."**[47] This year offered a textbook example of how SMI's Dynamic Asset Allocation strategy, by avoiding deep losses, can offer a more profitable and "smoother ride" than an entirely stock-based portfolio.

❑ **Learn about the crucial role bonds play across SMI strategies.**[48] Bonds are more difficult to understand than stocks, and sometimes they behave in unusual ways (see next item). But don't disregard bonds if your asset allocation calls for them (e.g., based on your season of life). Bonds typically provide important protection during stock market declines and periods of extreme volatility.

❑ **Discover why bonds, in times of financial distress, can behave in counterintuitive ways.**[49] Bonds typically are a safe haven when stocks are plummeting, but they can fall along with stocks under certain conditions. Bond ETFs can be especially hard hit under such conditions. These kinds of anomalies are rare and short-term, but bond investors should be aware that such things can happen and why.

❑ **If you want more inflation protection for your portfolio, consider commodities.**[50] Taking a little bit of money from your stock-based investments and redeploying it into commodities is a simple way to add a little bit more inflation protection than the standard SMI strategies.

❑ **Study SMI's approach to owning gold.**[51] Gold is highly cyclical and volatile, prone to huge spikes and spectacular collapses. SMI's DAA strategy provides a disciplined approach that enables investors to hold gold when it's wise to do so and get out when gold performance falters.

❑ **If you're interested in buying physical gold, learn the basics.**[52] For most SMI investors, we think the best approach is to invest in gold using the guidance provided by our DAA strategy (as noted above). But if you also wish to have a small amount of physical gold (coins, bars, or gold held for you by a "digital gold" company), do your homework before buying. Not all dealers are reputable.

❑ **Understand how changes in the value of the U.S. dollar can affect asset prices.**[53] A weakening dollar tends to boost both commodity prices and foreign stocks (although other factors are always at play in whether such prices are rising or falling). SMI's strategies have built-in mechanisms that help you take advantage of changes in dollar valuation.

❑ **Take advantage of the latest innovation with exchange-traded funds (ETFs): fractional trading.**[54] Fractional purchases (now available to Fidelity customers) will put more of your investment money to work right away.

### Looking toward retirement

❑ **Build a retirement portfolio that can continue to grow.**[55] A retirement-income strategy that uses only bonds and other fixed-income investments will help you *avoid losses*. However, it won't protect you from the possibility of *running out of money*. The way to address that concern is by constructing a portfolio that will outpace inflation—i.e., one that continues to invest in stocks to some degree even after retirement.

❑ **Use a retirement-planning tool such as MoneyGuide.**[56] Because you can't know what the future holds, it's wise to develop a plan that takes multiple "what if" scenarios into account. A robust software tool such as MoneyGuide, available to SMI Premium-level members for a one-time fee of $50, can help.

❑ **When gauging risk, take the full range of possible outcomes into account.**[57] Many investors think about risk solely in terms of *average* outcomes within an expected range of returns, rather than considering the scope of *potential* outcomes. Extreme outcomes may be unlikely but don't disregard the possibility of an extreme downside scenario.

❑ **Consider a "bucket strategy."**[58] A market downturn can be terrifying for retirees and near-retirees. A bucket approach will enable you to endure such reversals with less angst. You

[43]Sep2020:p136 [44]Mar2020:p39 [45]Feb2020:p18 [46]Jul2020:p104 [47]Oct2020:p151 [48]Jun2020:p88 [49]Apr2020:p56 [50]Oct2020:p152
[51]Jun2020:Cover [52]Jun2020:p92 [53]Sep2020:Cover [54]Dec2020:p183 [55]Oct2020:Cover [56]Jan2020:Cover [57]Jan2020:p8 [58]Apr2020:p57

can insulate your income flow from market ups and downs by placing a certain amount of your retirement money—equivalent to your living expenses for at least a year or two—in a savings account (or perhaps a series of bank CDs). Make withdrawals for living expenses from that savings "bucket," rather directly from investment accounts.

❑ **Study how differing levels of investment returns affect "safe" withdrawal rates in retirement.**[59] How much you can safely withdraw from your retirement assets each year is dependent on both your ongoing returns and the rate of inflation. Because returns and inflation change, it's wise to recalculate your investment mix and withdrawal rates every few years.

❑ **Think through (and perhaps get professional advice) regarding which assets to draw from first in retirement.**[60] Tax laws (and your particular family situation) can complicate decisions about which assets to turn to first. Taking the "wrong" approach could greatly increase your tax liability and that of your heirs.

❑ **Use an online calculator (or more than one) to project your Social Security retirement benefits.**[61] An online SS calculator will help you discover what you can expect from Social Security—based on your earnings record, family situation, and the age at which you file. You can figure out the filing strategy that makes the most sense for you by running multiple scenarios.

❑ **Decide whether or not to consider your future Social Security benefits as a "fixed-income" asset in your portfolio.**[62] How you decide this question will affect the rest of your asset allocation. So study the pros and cons and choose how you will approach this issue.

❑ **Sign up for a Medicare plan that best suits your needs.**[63] Medicare, the health insurance program for older Americans, is no longer "one size fits all." Although certain benefits are standardized across all plans, savvy shoppers can save by comparison shopping for Part D prescription coverage or by moving to a market-oriented Medicare Advantage plan.

❑ **Find out if short-term-care insurance is right for you.**[64] At some time during your life, you may need extended care. If long-term-care insurance is too expensive, or if you've been denied coverage because of existing health issues, consider a less-expensive and more accessible short-term-care policy.

❑ **Prepare for an unwanted early retirement.**[65] The decision about when to retire may be less under your control than you think. One study indicates that "more than half of U.S. workers are pushed out of jobs before they choose to retire." Keeping your skills and knowledge up-to-date may help you hold on to your job. It's also wise to develop and maintain a network of contacts that could help you land a new job if necessary.

❑ **Make the most of what's left of the "Stretch IRA."**[66] It used to be that distributions from an inherited IRA could be stretched over a lifetime, thus creating lifetime income while minimizing the tax burden. The 2019 SECURE Act shortened the stretch period to only 10 years for most beneficiaries (with the exception of spouses, disabled children, and certain others). If you plan to bequeath an IRA, be sure you and your beneficiaries understand the new rules.

❑ **Become familiar with other SECURE Act changes.**[67] The law raised the age at which Required Minimum Distributions must be taken from traditional IRAs (and some other retirement accounts) from 70½ to 72. Further, the SECURE Act removed the age limit for making contributions to traditional accounts.

❑ **Set your house in order.**[68] If you were to die, would your spouse be equipped to handle financial decisions, including investment decisions? Have you prepared power-of-attorney documents? Do you have a will? Does your spouse know where to locate insurance paperwork? *Set Your House in Order*, a small-group study from Compass–Finances God's Way, addresses these matters. We recommend it.

### Income Taxes / College / Miscellaneous

The first two items listed here could minimize your 2020 tax liability (i.e., for your tax return filed in 2021):

❑ **Take advantage of the retirement-account withdrawal tax break under the CARES Act.**[69] If you withdrew money from a tax-deferred retirement account in 2020 (up to $100,000), you can spread the tax impact of that withdrawal over three years—if you meet the requirements.

❑ **Make use of the giving-related tax breaks under the CARES Act.**[70] The CARES Act provides for a $300 tax deduction for 2020 giving, even for non-itemizers. But there's a more attractive break for itemizers. Gone (for 2020 only) is the rule that limits deductions to 60% of adjusted gross income (AGI). So theoretically, a high-giving taxpayer could end up with zero tax liability.

❑ **Take steps to ensure more college financial aid.** [71] The aid formula used by the U.S. Department of Education (and followed by most American colleges) gauges a family's income and assets. By repositioning income and assets at appropriate times, you can increase the likelihood that your children will be eligible for certain types of financial assistance.

### Conclusion

A new year is almost upon us. Perhaps it will be less fraught with upheaval and uncertainty than 2020. No one knows. But, when it comes to your long-term financial well-being, what *you choose to do* in the year ahead is likely much more important than what happens generally.

And remember, this isn't just about you. You are called —and equipped—to be a faithful steward of all that the Lord entrusts to you.

May you be among those who one day will hear Him say, "Well done, good and faithful servant! You have been faithful with a few things; I will put you in charge of many things. Come and share your master's happiness!" (Matthew 25:21) ◆

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