VOLUME 32 ◆ NUMBER 12

DECEMBER 2021

Sound Mind Investing®

Financial Wisdom for Living Well

WWW.SOUNDMINDINVESTING.COM

Your 10 Most Important Financial Moves for 2022

What's your plan for strengthening your finances in the new year? What goals do you have for your giving? How will you improve your spiritual disciplines? SMI's annual Top 10 approach will help you select your most important stewardship-related "action items" for 2022. As you consider your choices, remember your heavenly Father stands ready to help! "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).

by Joseph Slife

"Now is the winter of our discontent" — to borrow half a phrase from Shakespeare. Our worrisome winter follows several other seasons of discontent stretching back into early 2020. Put bluntly, the past 22 months have been the most disorienting period many of us have ever experienced.

But times of turmoil are nothing new. A survey of human history, and certainly the history of the Church, shows that eras of upheaval are not so much the exception as the rule. And yet, undergirded by God's grace, the Lord's people have persevered. Centuries before a World War II-era British motivational poster urged citizens to "keep calm and carry on," faithful believers learned to do just that. They trusted that the Sovereign God of the universe was for them and not against them (see Romans 8) and that He would see them through.

At SMI, we want *you* to live with that kind of unshakeable confidence. Yes, these are disorienting days — and there is no guarantee that the year ahead will be less disorienting. But through it all, you can keep calm and carry on — not paralyzed by fear or anxiety, but busy about the Master's work.

How? By embracing an *eternal* perspective, not a temporal one. A person with an eternal perspective seeks "the Kingdom of God above all else" (Matthew 6:33 NLT). He has taken to heart the biblical instruction to "keep your lives free from the love of money and be content with what you have, because God has said, 'Never will I leave you; never will I forsake you'" (Hebrews 13:5-6). A person with this kind of perspective is "generous on every occasion" (2 Corinthians 9:11).

An eternal perspective fosters faithful stewardship. A trustworthy steward acknowledges that God is the owner of everything (1 Chronicles 29:11). He recognizes that the Lord has called each of us to manage His resources for His purposes (Romans 11:36, Hebrews 13:20-21).

As always, our hope at SMI is that in the year ahead *you* will be a wise and faithful steward — one who "honor[s] the LORD with your wealth and the best part of everything you produce" (Proverbs 3:9 NLT). And no matter what may happen in 2022, we pray you will hold fast to the promise that "neither death nor life, neither angels nor demons, neither the present nor the future, nor any powers, neither height nor depth, nor anything else in all creation, will *(continued on page 179)*

IN THIS ISSUE

178 Editorial / Learn Rule #1

182 Level 1 / Teach Your Kids the "Why" Behind Generosity This Christmas

183 Level 2 / Beware the Mutual Funds' End-of-the-Year Tax Trap

184 Level 3 / I-Bonds Are the Best Deal in Fixed-Income Right Now

185 Level 4 / Retirement Surprises

186 Basic Strategies **187 Upgrading: Easy as 1-2-3**

190 Fund Upgrading Update **191 Premium Strategies** **192 Performance Data**

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

Your 10 Most Important Financial Moves for 2022

(continued from front page)

be able to separate us from the love of God that is in Christ Jesus our Lord" (Romans 8:38-39).[1]

Selecting your personal Top 10

Below are more than 75 "action items" that can help you improve your financial condition and advance in your Christian discipleship. Many involve measurable, hands-on tasks. Others are more "educational" in nature, focusing on improving your understanding of a topic. A few of the items are aimed at strengthening your spiritual disciplines.

Next to each item, we've placed a small box. Put a checkmark in that box—☑—if an idea or task seems particularly relevant to you. Later, go back through your checked items. Ask the Lord to guide you in selecting 10 to set as your financial/spiritual priorities for 2022.

Then, assign each item a priority. Make your most important task #1, the second-most important #2, and so on—keeping in mind that some tasks can be done quickly while others may require significant time. If you're married, we suggest you go through this planning process with your spouse so that you can clarify understandings and be united in your goals.

The purpose of SMI's annual "Top 10" process is to help you turn *good intentions* into *concrete actions*. Don't try to accomplish too many things at once, however. Taking on too many tasks can be overwhelming. We suggest you finish implementing your top three tasks before starting on the other items on your list.

Each suggested action item is accompanied by a footnote that indicates where to find more information (the online version of this Top 10 article includes direct links to related marterial). Most footnotes refer to articles published in the SMI newsletter in 2021, although some refer to SMI articles from previous years or information in *The Sound Mind Investing Handbook*. (You can buy the newly released 7th Edition of the *Handbook* at a 20% discount via the SMI website![2] This 350-page book writen by Austin Pryor with Mark Biller offers clear guidance on investing, plus with rich and compelling spiritual content.[3])

What's most important

Being a faithful steward begins with putting first things first—both spiritually and financially. The suggestions in this section will help you do that.

❑ **Practice living in "conscious dependence" on God.**[4] Take time each day to recognize your dependence on the Lord for life and breath and everything else. Develop the habit of offering short prayers throughout the day that acknowledge your powerlessness and His power. Pray that God will make you increasingly aware that you are dependent on Him.

❑ **Meditate on the loveliness of Jesus.**[5] Jesus Christ is like no other—in his perfect humanity, sympathy, humility, dignity, courage, and gentleness with sinners. He is altogether lovely—and truly worthy of our worship!

❑ **Build your financial house on the bedrock of biblical principles.**[6] You never know what kind of financial storms may come your way—or when. By basing your financial decisions and actions on the protective principles taught in Scripture, you'll be able to weather those storms.

❑ **Accept your responsibility as a "financial disciple."**[7] Everything you possess has been committed to you as a trust from God. In recognition of that, a financial disciple willingly surrenders to the lordship of Christ and seeks to be led by the Holy Spirit in all financial decisions.

❑ **Commit to making the changes necessary for financial progress.**[8] Some new SMI members give up within the first year. When it becomes apparent that a time commitment is required to work through the Four Levels process and get on the road to financial security, they fall by the wayside. Don't let that happen to you! We're here to help—and you have the encouraging example of thousands of subscribers who have been with Sound Mind Investing for five years or longer. The SMI process works for anyone willing to commit to it!

❑ **Examine yourself to see if you bear the marks of a Christian investor.**[9] When the market is jumpy, do you react with fear or with prayer? Do you seek guidance from market gurus or God's Word? (For a list of Scriptures that can help calm your nerves during rough times and refocus your attention on the goodness of God, visit the "Resources" section of the SMI website.[10])

❑ **If you have the spiritual gift of giving, cultivate it.**[11] Every follower of Jesus is called to be generous, but God has given some people the special gift of giving. Do you have that gift? If you're not sure, study what the Scriptures say about it. If you have the gift of giving, make the most of it—for the benefit of others and the glory of God.

❑ **Even if the Lord hasn't given you the specific gift of giving, resolve to make the most of every opportunity to give boldly.**[12] Give generously to your church and other ministries that proclaim the gospel, disciple new believers, and offer mercy and help for physical needs. ❑ Teach your children to give generously too.[13]

Strengthening your financial foundation

A solid foundation is essential to long-term financial health and stability. If your financial foundation isn't firmly in place, concentrate your 2022 efforts on the suggestions in this section rather than jumping ahead to more advanced topics.

❑ **Cultivate good habits.**[14] New Year's resolutions are easy to make but not all that easy to keep. If you take specific actions that reinforce good habits and discourage bad ones, you're more likely to achieve lasting change.

❑ **Escape debt with a spending plan.**[15] Make paying off credit card debt, car loans, and other short-term debts a pri-

[2]soundmindinvesting.com/handbook [3]Sep2021:p130 [4]Nov2021:Cover [5]Apr2021:p50 [6]Jan2021:p2 [7]Mar2021:Cover [8]Aug2021:p114 [9]May2021:p66 [10]soundmindinvesting.com/resources#encouragement [11]Jul2021:Cover [12]Jul2021:p98 [13]Dec2021:p182 [14]Jan2021:p6 [15]SMI Handbook:Chapter 1

ority. Don't take on the risks that come with investing unless you have a solid financial base, which means an adequate amount of savings and good cash flow. Getting out of debt will enable you to build that base.

❑ **If you use credit cards or mobile pay, protect yourself.**[16] ID thieves want to steal your account numbers and other information. Take simple and effective steps to protect your data.

❑ **Start using a money-management app.** An app can help you 1) plan your spending and 2) make the most of what you have. Consider the Christian-based MoneyWise App[17] (available in both free and paid versions) or any one of several other good apps on the market.[18]

❑ **Speak up to save money.**[19] You can sometimes get fees waived, subscription prices lowered, and price hikes canceled by making a polite request. You never know unless you ask.

❑ "**Stress test" your household finances.**[20] Each of America's top banks is required to prove 1) it has enough cash on hand to survive difficult times and 2) it has an effective plan for managing risks. Take that same approach to your personal finances. We suggest building your emergency savings reserve to at least $10,000. As for managing risks, have adequate insurance—including coverage for property/casualty, health, disability, life, and (perhaps) long-term care.

❑ **In the market for a house? Buy only what you can afford.**[21] Set your sights on a dwelling for which your monthly payment (mortgage, taxes, and insurance) totals no more than 25% of your monthly gross income. If you're married, it's better to apply that 25% standard to *one* income, not two. Taking on a sizable and ongoing housing expense based on two incomes isn't wise. Also, be sure to budget enough money for regular maintenance.

❑ **If health insurance is becoming unaffordable, join a Christian-based nonprofit Health Care Sharing Ministry.**[22] Sharing ministries don't provide insurance per se. Instead, they facilitate the "sharing" of medical expenses among members. Members voluntarily help each other meet the cost of large medical bills. More than 1.5 million Americans participate in sharing ministries, a number that's grown more than sevenfold since 2010.

❑ **Don't start a new year with debt from Christmas spending.**[23] Marketing hype and financing deals abound at Christmas time. Ignore them. Develop a plan for your Christmas spending and buy only what you can afford.

Developing your investing plan

Scripture encourages us to prepare for the needs of tomorrow (Proverbs 6:6-8) without becoming hoarders (Luke 12:15-21). The following suggestions can help you invest wisely and well.

❑ **Start making the "right" investing choices.**[24] Making good decisions flows from looking realistically at where you are now and developing a prudent plan that moves you toward your long-term goals. As you consider various options, do not neglect prayer and wise counsel.

❑ **Recognize that wise investing choices often reflect common sense.**[25] Many basic investing lessons are closely connected to what you already know and do. For example, when you take a trip, you probably map out a travel plan and stick to it. Ditto for investing. When it comes to weather, you know not every day will be sunny. Likewise, you can know that occasional "investment storms" will come along.

❑ **Don't be overly rigid with your investment plan.**[26] Developing a long-term plan is crucial to meeting your financial goals, but there are times to be flexible. An overly rigid approach can stunt your growth in generosity ("I can't afford to give because it will interfere with my plan"). Being too strict also could cause you to miss out on things that are likely to be more important than money ("A memorable family vacation costs too much—it will mess up my plan").

❑ **Distinguish fact from opinion.**[27] There's no shortage of financial news available. Unfortunately, a lot of it is "noise" rather than information that is helpful. The SMI newsletter and website help you put financial news into perspective—without speculating about what will happen next week, next month, or next year.

❑ **Understand why Federal Reserve policy has so much impact on the stock market.**[28] As noted above, SMI tries to cut through the noise to what's important. Fed policy drives a lot of what happens in the market, so we try to keep you informed about what the Fed is doing—or is proposing to do—and how the overall market is reacting.

❑ **During times of market excess, pray for the wisdom to show restraint.**[29] It's easy to get carried away by the prospect of quick riches from whatever the latest investing fad is. A sober investor has the wisdom not to get carried away. When presented with a highly risky investment option, focus on risk first and returns second. Also, don't take more risk than is necessary to meet your financial goals.

❑ **Subdue your three great investing adversaries.**[30] Those three are 1) your own emotions, 2) a Wall Street industry that urges you to change your strategy—when you make changes, Wall Street makes money!—and 3) financial media that stir up anxiety (it's good for ratings). Insulate yourself from all three by putting your investing on "automatic pilot" as much as possible (see next two items).

❑ **Panic-proof your investing.**[31] Panic is a common human response to fearful situations—but panic often does more harm than good. That is undoubtedly true in investing-related situations such as a sharp market downturn. You can fight panic and remain calm by having a written investing plan along with a portfolio suited to your age and risk tolerance. Prayer is a big help too, because it focuses your attention on God's promises and provision rather than on present circumstances.

❑ **Launch a dollar-cost averaging program.**[32] Dollar-cost averaging involves investing the same amount at a particular time interval (typically monthly) no matter whether the market is doing well or not. Over the long haul (at least 10 years), the likelihood that you'll lose money with this approach is tiny. There will be ups and downs, but there is little risk to your capital if you stay the course.

[16]Oct2021:p150 [17]Apr2021:p54 [18]Jan2019:p6 and Feb2019:p22 [19]Sep2021:p134 [20]May2021:p70 [21]Feb2021:p22 [22]Jun2021:Cover [23]Nov2021:p166
[24]Jan2021:p7 [25]Jun2021:p82 [26]Nov2021:p162 [27]Oct2021:p146 [28]Oct2021:p152 [29]Feb2021:p18 [30]Aug2021:Cover [31]Sep2021:p135 [32]Mar2021:p39

❑ **Implement a systematic investing plan.**[33] Setting up an automatic plan for making regular investments eliminates the need to ask the question, "Is this a good time to buy stocks?" That question is unanswerable anyway, except in hindsight. A systematic plan assures you'll invest consistently, even when the market is falling and your emotions might tell you not to.

❑ **Play the "loser's game" with SMI's Just-the-Basics strategy.**[34] It may sound strange, but one way to win in investing is by *not trying* to win. Instead of attempting to beat the market, "loser's game" investors emphasize keeping expenses low and staying patient. This is the approach used in Just-the-Basics, which invests in a handful of passively managed index funds. JtB is particularly well-suited for investors with retirement plans that offer index funds but few actively managed funds.

❑ **Explore and understand SMI's Fund Upgrading strategy.**[35] We made significant changes in the Upgrading strategy in 2021, seeking to provide greater flexibility for the system to follow market trends. If you're using Upgrading, or are planning to start, learn why the strategy employs a mix of active and passive funds, how it approaches the use of foreign funds, and how it alternates between growth vs. value funds.

❑ **Study Sound Mind Investing's risk-category system for stock funds.**[36] Because SMI seeks to simplify investing for the average investor, we've made our system as simple as possible. We use only *four* options for stock funds: Large/growth, large/value, small/growth, and small/value. Be sure you understand how we apply those categories to funds that invest in *mid-size* companies, i.e., ones that are neither large or small.

❑ **Don't have access to some of the Upgrading funds we recommend? Use SMI's monthly Fund Portfolio Rankings report to find alternatives.**[37] The FPR report is a downloadable PDF file that lists more than 1,600 traditional mutual funds and ETFs according to risk characteristics, recent performance, and momentum score.

❑ **Start using SMI's Personal Portfolio Tracker to help implement Fund Upgrading within your workplace retirement plan.**[38] Using the Tracker, you can filter SMI's fund database to show only those funds that are available via your plan, along with related performance data and risk-category details. Using that information, you can adapt Upgrading to the specific funds available in your 401(k), 403(b), or another similar plan.

❑ **Take full advantage of your employer's retirement plan.**[39] Access to a company retirement plan is a significant benefit. We encourage you to contribute as much as you can but at least enough to get the full company match (if any). If your company offers a "Roth" option, determine if that's the right choice for you.[40] Resist the temptation to withdraw money from your company plan early. You'll be hit with a hefty penalty.

❑ **If you're a federal worker, take advantage of the government's Thrift Savings Plan.**[41] The TSP offers a mix of funds that can be used to implement SMI's Just-the-Basics strategy (or even Upgrading, with some variations). And the government offers generous matching contributions.

❑ **Discover the advantages of saving for retirement using both a company-sponsored plan *and* an Individual Retirement Account.**[42] Company plans, such as 401(k)s, have certain advantages over IRAs and vice versa. By using one of each (if you're eligible), you can enjoy the best of both worlds.

❑ **Organize your investments into a single, unified portfolio.**[43] Viewing and managing multiple accounts as parts of a single portfolio will simplify your financial life. This approach will require upfront effort to implement, but a "one-portfolio" model will *save* time over the long term.

❑ **Develop a plan for saving for short-term goals in today's low interest-rate environment.**[44] Traditional vehicles for shorter-term investing—such as short-term bond funds and Ginnie Mae funds—yield little these days. And using stocks for short-term investments is risky. So put your money where it is safe, but be on the lookout for signals that suggest it's time to move your money to higher-yielding instruments.

❑ **Put some of your savings in U.S. Government I-Bonds.**[45] I-Bonds, which must be purchased directly from the Treasury Department, carry no risk but are paying inflation-adjusted rates well above any other savings vehicle.

❑ **Know the difference between "yield" and "total return."**[46] SMI readers are sometimes perplexed when their calculations don't match our published data. Often, the discrepancy involves failing to take into account "total return." With a bond investment, any interest-rate changes that occurred while the investment was held will affect the total return. If rates have fallen, the bond price will rise and boost the total return. If rates have risen, the bond's value will have fallen, and the total return might be a loss. With stock investments, the total return takes into account the buying/selling price and any income distributions that occurred. Such distributions sometimes can change a so-so price performance into an attractive total return.

❑ **Accept the fact that some investments don't work out.**[47] Investing involves probabilities, not certainties. Some investments will be winners, others will be duds! Keep that in mind, and maintain a margin of safety that allows you to endure a range of potential outcomes in the shorter term.

❑ **Safeguard your brokerage account information.**[48] Account hacking is rare, and most brokers promise to reimburse you for any money taken from your account by an unauthorized party. However, things could get more complicated if you are at fault because you didn't safeguard your sign-in information. It's up to you to keep your log-in details secure and to review your account statements for unauthorized activity.

❑ **Watch out for fund-related capital gains taxes!**[49] If you're investing via a taxable account, fund distributions can create a tax liability. Plan wisely so you can avoid, lessen, or delay the tax impact of distributions.

Broadening your portfolio

Once you become an experienced investor, you may wish to broaden your portfolio to reduce risk or take advantage of market conditions. Consider the following *(continued on page 188)*

[33]Aug2021:p119 [34]Jul2021:p103 [35]Jan2021:Cover [36]Oct2021:p151 [37]bit.ly/SMI-FPR [38]Feb2021:p23 [39]Apr2021:Cover [40]Apr2019:p57 [41]Feb2021:p25 [42]Nov2021:p169 [43]Sep2021:Cover [44]Nov2021:p167 [45]Dec2021:p184 [46]May2021:p71 [47]Feb2021:Cover [48]Jun2021:p87 [49]Dec2021:p183

COVER ARTICLE / CONTINUED FROM PAGE 181

YOUR 10 MOST IMPORTANT FINANCIAL MOVES FOR 2022

suggestions.

❑ **Study how inflation affects various types of investments.**[50] The U.S. may have entered a new inflationary cycle. It's wise to understand how inflation poses both risks and opportunities for investors—and act accordingly.

❑ **Take inflation seriously—even at relatively low levels.**[51] Speculation about possible "hyperinflation" (a low-probability outcome) shouldn't obscure the fact that even relatively low levels of inflation can exert a crushing toll on the purchasing power of your dollars over time. It's wise to position your investments to keep up with inflation or exceed it.

❑ **Become acquainted with stock funds designed to benefit from inflation.**[52] One such fund is INFL, the Inflation Beneficiaries ETF, a fund that launched early in 2021.

❑ **Understand why rising interest rates affect virtually all corners of the investing landscape.**[53] Higher rates may signal a strengthening economy, but rising rates harm bondholders—at least in the short term. Rising rates also can unsettle the stock market.

❑ **Become familiar with bond products that offer protection from the impact of rising interest rates.**[54] When rates rise, bond prices fall. However, a relatively new bond product called IVOL is designed to *benefit* from rising rates. You may also want to consider using BulletShares, which provide some rate protection via a diversified portfolio of individual bonds.[55]

❑ **Consider commodities.**[56] Commodities (such as oil, gold, and wheat) are strongly cyclical and tend to move independently of stock/bond prices. You can invest in commodities (when they are showing solid momentum) by following the recommendations in SMI's Upgrading and Dynamic Asset Allocation strategies.

❑ **If you're following Dynamic Asset Allocation, add refinements to boost DAA's upside.**[57] We've explored two optional refinements that we think will help boost performance without compromising the downside protection integral to DAA's purpose. One refinement calls for splitting DAA's domestic stock allocation (when DAA is invested in stocks) between *two* ETFs, instead of using only one. The other refinement, used when DAA is holding foreign stocks, adds Emerging Markets exposure. Read the monthly DAA updates online for guidance on when to apply these refinements.

❑ **If you're a Sector Rotation investor, study SMI's recent changes to the SR strategy.**[58] Sector Rotation is a long-time SMI success story, but the strategy's performance has been erratic in recent years. After extensive research, we made strategy tweaks in 2021 that have the potential to improve performance while also slightly reducing risk.

❑ **Determine whether you have too much exposure to your employer's stock.**[59] Being able to invest in company stock can carry attractive tax advantages. At the same time, it's risky to put too many of your investing eggs in a single basket.

❑ **If you're considering investing in higher-yielding dividend stocks as an alternative to lower-yielding bonds, know the risks.**[60] It's wise to keep one eye always fixed on investment risk. Although dividend stock funds have done well of late, they are subject to deeper losses than bond funds during market downturns.

❑ **Want to invest in individual stocks? Learn about the relationship between a company, its stock, and its shareholders.**[61] Buying existing stock is a bit like purchasing a used car—you buy from a shareholder (i.e., the owner of the stock), not from the company directly. The company doesn't know when you buy shares or when you sell them—nor does it really care, as long as its stock price remains strong. Your broker does all the record-keeping.

❑ **If you've been following the SMI's strategies but no longer have the time or the inclination to implement them yourself, consider having them professionally managed.** One option is to use the SMI mutual funds.[62] Another is to take advantage of the investment management service offered by SMI Private Client.[63] (The SMI Funds and SMI Private Client are managed by SMI Advisory Services—an affiliated but separate business from the SMI newsletter.)

Looking toward retirement

Your investing journey consists of two main phases: the accumulation phase and the de-accumulation phase. Just as *building* wealth requires a plan, so does *spending down that wealth* in your later years. These suggestions may help.

❑ **Consider whether it is time to reduce your investment risk.**[64] Never take more risk than is necessary to reach your financial goals! If you're in your 50s, 60s, or 70s and your investments have prospered in recent years, maybe it's time to dial down your risk. MoneyGuide, the award-winning financial planning software available to SMI Premium-level members,[65] can help you assess your financial strength and determine if less risk is appropriate from here on out.[66]

❑ **Choose a "glide path" for your retirement investments.**[67] A glide path refers to the change in your stock allocation as you approach retirement and then move through your retirement years. SMI recommends a *declining* glide path, in which the stock allocation is steadily reduced as the years go by. However, some financial researchers suggest a different approach: the stock allocation is reduced before retirement but then reverses course and begins to rise after several years.

❑ **Don't get caught off-guard by retirement surprises.**[68] Leaving the paid workforce and joining the ranks of the retired often brings forth unexpected realities—both financial and emotional. Be prepared. Start now to develop a plan for your money and your time.

❑ **If you're already retired, take full advantage of SMI's resources for those who have reached their retirement**

[50]May2021:Cover [51]Jun2021:p88 [52]Jul2021:p104 [53]Mar2021:p34 [54]Mar2021:p40 [55]Mar2019:p38 [56]Jan2021:p8 [57]Apr2021:p56 [58]Sep2021:p136 [59]Jan2021:p9 [60]Sep2021:p137
[61]Apr2021:p55 [62]www.smifund.com [63]www.smiprivateclient.com [64]Apr2021:p57 [65]For a one-time $50 fee. [66]soundmindinvesting.com/moneyguidepro [67]Oct2021:p153 [68]Dec2021:p185

years.[69] Sound Mind Investing helps you prepare financially for your later years, *and* we also help you use your money wisely when those years arrive. From "Giving in Retirement" to "Estate Planning" to "How to Pay for Healthcare," we've got you covered.

❑ **Do careful beneficiary planning.**[70] Did you know beneficiary designations and property titles take precedence over a will? Properly executed beneficiary and title decisions can keep assets away from creditors, reduce estate expenses, and speed up the distribution of assets. (Good beneficiary planning also can *slow down* the distribution of assets in situations where that would be helpful.)

❑ **Prepare financially for the death of your husband or wife.**[71] Death is a fact of life, so it's wise to prepare for your death (or your spouse's death) well before that time comes. Consider these questions: What will happen to your spouse's income stream from Social Security when you die? How would any pension be affected? Is there sufficient life insurance? Is there a trustworthy person—an attorney, an accountant, an advisor—your spouse will be able to consult?

❑ **Prayerfully develop a plan for transferring your wealth.**[72] Have you thought about how much of your wealth to leave to your children? Would it be better to pass on some wealth while you are still alive? Have you considered how receiving an inheritance, especially a large one, might affect them *negatively*? These are a few of the crucial questions surrounding wealth transfer. Don't ignore them.

College / Income Taxes / Social Security / Insurance / Miscellaneous

Wise financial management involves many "non-investing" matters, such as finding the best deal on a college education, saving on taxes, making the most of your Social Security benefits, and buying appropriate insurance. Here are ideas that may help you in such areas.

❑ **Learn how to navigate the college admissions process.**[73] If you and your child have "selective" colleges in mind, do things that increase the odds of acceptance, such as having your child take Advanced Placement classes in high school and be involved in extracurricular activities, especially in leadership roles. But don't ignore less selective colleges. To recruit students, such schools often offer steep discounts.

❑ **Don't borrow money for college without studying loan terms and other details.**[74] Many people take out college loans without understanding what they're getting into. That includes parents who borrow to put their kids through school. (People older than 60 make up the fastest-growing segment of student loan debtors.) Learn about the four main types of education loans and how they differ.

❑ **Cut your income-tax bill by tracking non-cash donations.**[75] A tax law change in 2018 means that fewer taxpayers itemize deductions than in the past. You may be able to stay among the itemizers (and reduce your tax liability) by getting the highest possible valuations for non-cash giving—such as donations to thrift stores. Some thrift store websites can help you document fair-market value, as can software such as TurboTax's "ItsDeductible."

❑ **Know how working in your later years may affect your Social Security benefits.**[76] If you claim retirement benefits before your "Full Retirement Age" (as defined by law) *and you also earn money by working*, your monthly benefit may be reduced. Reductions will kick in if you earn more than $19,560 (2022 limit). However, if you'll reach your Full Retirement Age in 2022, you can earn up to $51,960 before facing a reduction. Once you hit Full Retirement Age, earnings no longer affect benefits.

❑ **Educate yourself about the funding challenges facing Social Security.**[77] Social Security's financial situation is deteriorating year by year. The program's Board of Trustees estimates that there won't be enough revenue coming in to pay full benefits within a dozen years. Before that happens, Congress likely will shore up the program with a combination of tax increases and benefit reductions. (Or, if not actual reductions, at least a slowdown in the inflation-adjusted growth of benefits.) The uncertainty surrounding the situation (*When will Congress act? What changes will be made?*) makes it all the more important to build your personal retirement savings via an employer-sponsored plan and/or an Individual Retirement Account.

❑ **Need to rent a car? Find out if you should get add-on insurance.**[78] You may be already covered for certain types of incidents under your regular auto insurance or by a credit card benefit. But don't take chances. It may be wise to pay for the rental company's "loss-damage waiver" that gets you off the hook if the car is damaged or stolen.

Conclusion

As we enter a new year, you may be thinking, "If only I knew what lies ahead!" Of course, you can never know that.

But there is something you *can* know—something of inestimable value. You can "know Him"—Jesus Christ. In the words of the Apostle Paul, "[E]verything else is worthless when compared with the infinite value of knowing Christ Jesus my Lord…. I want to know Christ and experience the mighty power that raised him from the dead. I want to suffer with him, sharing in his death, so that one way or another I will experience the resurrection from the dead!" (Philippians 3:8,10-11 NLT).

So as you work through your Top 10 list, never lose sight of your *true* #1: knowing Christ Jesus, "the founder and perfecter of our faith, who for the joy that was set before him endured the cross, despising the shame, and is seated at the right hand of the throne of God" (Hebrews 12:2 ESV).

May the God of peace equip you in 2022 "with all you need for doing his will. May he produce in you, through the power of Jesus Christ, every good thing that is pleasing to him. All glory to him forever and ever! Amen" (Hebrews 13:21 NLT). ◆

[69]May2021:p73 [70]Mar2021:p41 [71]Jun2021:89 [72]Jul2021:p105 [73]Mar2021:p38 [74]Aug2021:p118
[75]Jul2021:p102 [76]Aug2021:p121 [77]Oct2021:Cover [78]Jun2021:p86