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12 Ways to Spring Clean Your Finances

April 2020

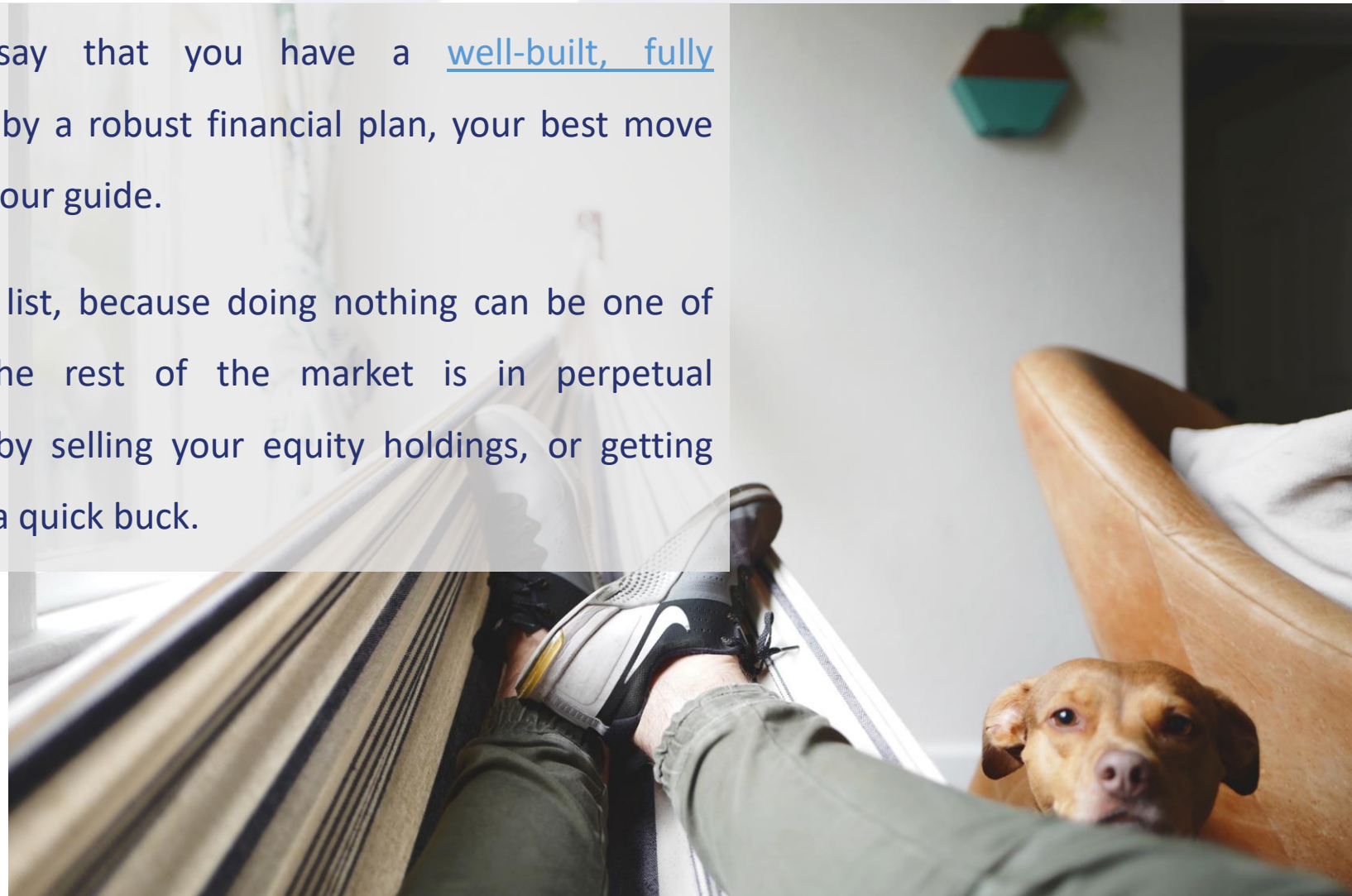
1) Do Nothing



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Seriously. If you can confidently say that you have a [well-built, fully diversified investment portfolio](#) guided by a robust financial plan, your best move in volatile markets is to let that plan be your guide.

We're giving this the top spot on our list, because doing nothing can be one of the toughest things to do when the rest of the market is in perpetual motion; whether trying to cut losses by selling your equity holdings, or getting tempted by the greed of trying to make a quick buck.





2) Review or Create your Plan

As with the cart and horse, the order is everything when it comes to your finances. The plan comes before the portfolio and a “do nothing” approach to your investments in uncertain times relies on your portfolio decisions being driven by a well-thought out plan.

The extra time on your hands right now offers a great chance to review your plan – or create one if you’ve not yet got around to doing so. Have you got enough of an emergency fund to survive rough patches without tapping into longer-term savings? Have you got a retirement (or “financial freedom”) plan? Your personal circumstances will change as life progresses, so periodically reviewing your plan to ensure it stays relevant will always be time well spent. Even if just a reminder of the promises/commitment you made to your future self when you created the plan.

A good adviser can help but choosing one is not easy, so we wrote [an article](#) to help you make a good decision.



3) Review other areas of Financial Planning

Consider refinancing any mortgage debts (or other debts) – With interest rates at historic lows, refinancing your current mortgage can be a great way to save money in the long run.

Review your workplace insurance benefits and consider whether you need to top up with a standalone life insurance or critical illness policy.

Are you taking advantage of tax breaks such as making the new Tax-deductible Voluntary Contributions through your MPF provider (potentially saving you \$10,200)?

Are you [making National Insurance Contributions](#) in the UK to maintain your State pension entitlement?





4) Estate Planning

A job people put off until the tomorrow that never comes, setting up [wills](#) and [deeds of guardianship](#) are a vitally important part of your financial planning to protect your loved ones by ensuring your affairs are dealt with efficiently and in line with your wishes if the worst were to happen.

We can make introductions to experienced family lawyers who can assist in drafting the documents to give you confidence that they are fit for purpose should/when the time arise that they are called upon.



5) Budget

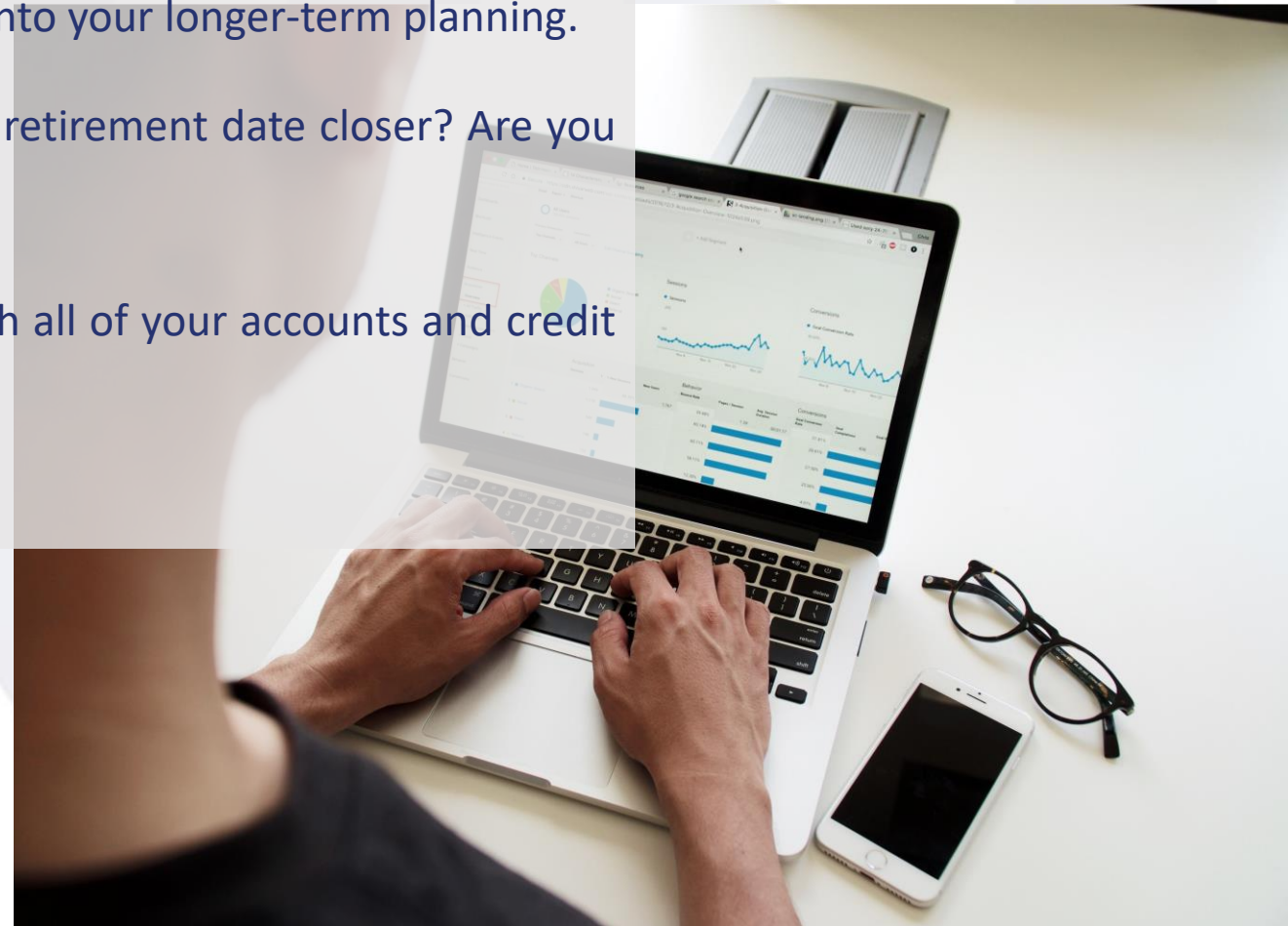


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Sitting down and spending some time to understand your monthly/annual expenditure and create a budget is a worthwhile exercise which ties into your longer-term planning.

Could you make some additional savings and bring that retirement date closer? Are you still paying subscriptions for things you don't use?

We find Planto a great app for tracking spending through all of your accounts and credit cards.



6) Avoid Laziness Tax



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Once your budget is sorted out, spend some time shopping around to see if you can reduce some regular expenditure. Can you get better insurance quotes than the renewal existing company is offering you? Are you using the best credit cards to rack up some airmiles for when travel restrictions are lifted?



7) Continue to Contribute on a Regular Basis



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If you are contributing to an employer retirement plan or other investment account, we encourage you to continue.

Dollar-cost averaging is a great tool for long-term investment success if you are in receipt of regular income and buying when prices are depressed is what drives better returns.

Once the previous steps are complete you may find some additional surplus income you can put to work for the future too.





8) Rebalance your Portfolio Back to your Target Allocation

This may seem counterintuitive but [rebalancing back into equities](#) (up to your planned risk level) can be a great way to capture upside returns without over-extending your risk tolerance.

Think of it as buying some great global companies at 25-30% discount.





9) Consider Reducing Withdrawals if you're taking Income

With the economy “shutting down”, many people will be spending less money.

If you're currently taking distributions from your investment/retirement accounts, consider suspending or reducing them to cover only the necessities in the coming months.

Referring to point 7, if you do make withdrawals, it would make sense to withdraw from your fixed income portfolio rather than crystallising equity losses.



10) Have the “Money chats”

Families who have had the initial and ongoing annual ‘money talks’, get wills in place and powers of attorney set up will be well positioned to cope with life’s twists and turns.

Another part of the ‘money talk’ will relate to any legacy you, your spouse or your parents might wish to leave. ‘Taking care of the heirs’ and ‘giving with a warm hand’ are often mentioned when we talk to clients as it should be with your family members.



11) Educate your Children on Personal Finance



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With schools closed, most parents are being forced to help out with their kids' schoolwork. Fitting this around your own job might not be the ideal scenario but is a great opportunity to add some personal finance lessons to their curriculum, something we feel is lacking in most schools. It's never too soon to begin preparing your minor children for a financially literate adulthood. As they mature, their financial independence rarely happens by accident, with additional in-depth conversations in order.

[This article from NBC](#) offers some basic guidance on where to start depending on the age of your children.

12) Philanthropy



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If you are in a fortunate enough position to give, charities will be grateful for donations in these times where fundraising activities will be almost non-existent. Choose something meaningful and close to your heart.

If you're not in the position to give financial assistance, consider giving your time with some volunteer work.

As well as the tasks we've described to help ["Marie Kondo"](#) your financial life, you could also take the chance to do the same with your wardrobe/other possessions, donating any that are no longer sparking joy.



Get in Touch



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Of course, not all of the steps apply to everyone. Nor does this list encompass all ideas which may be possible for you.

We could write (and in most cases have written) whole blog posts on most topics but instead of writing about them, we would love to help you with them; indeed, implementation is often the hardest part.

At Private Capital, we work with families every day and over the years to transition their dreams into plans, and their plans into achievements.

You are welcome to [get in touch](#) so we can do the same for you.





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