



Things You Control

Making IRA Contributions

As you have experienced in the last few weeks (late Feb 2020), threats like the Coronavirus, election uncertainties, supply chain disruptions etc., make portfolio returns unpredictable. Not only are these market movements unpredictable, they are things you cannot control. Yet investors spend a lot of time worrying about the market.

But two life-events are neither unpredictable nor uncontrollable: your retirement and taxes. Luckily, you can improve your odds of more retirement funds and take advantage of tax laws by contributing to your IRA by mid-April.

You can contribute up to \$6,000 for 2019 (\$7,000 if you were age 50 or more as of December 31, 2019) to your IRA by April 15, 2020 (For most taxpayers).

You can contribute to a traditional IRA, a Roth IRA, or both, as long as the total contributions don't exceed the annual limit and meet the IRS eligibility tests. You may also be able to contribute to an IRA for your spouse for 2019, even if your spouse didn't have any 2019 income.

Investors focused on reaching their financial goals (e.g. a comfortable retirement) need to address about a dozen activities that can determine how successfully they reach their goals. These activities range from things they control (e.g. how much they save) to things they simply do not (the future returns on their investments). Our observation is that successful investors have learned to spend their efforts on things they control.

Note: These comments are not to be regarded as tax-advice; please check with your tax advisor for your specific situation.

Why It's Important

In Investing (as in Life) we can: hope, worry or plan.

I believe that when we hope or worry, we are largely looking at the future and are focused on things we **do not** control. We hope the markets will get higher and we will make money. Or we worry that markets will collapse and we may lose all our money. And yet, deep down in our hearts, we know that whether our thoughts are optimistic or pessimistic they simply do not influence future outcomes.

We can also look at the future plan-fully. When we do this we tend to focus on the things that we **do** control. And, by picking activities that are in our control and that are important to our future we have a far better chance of achieving our goals. Of course, life holds few guarantees! So, for example,



while we all hope that our favorite stock pick will be a high performing stock, not implementing a properly diversified portfolio is plainly irresponsible to our financial well-being.

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Dushyant Pandit
Dorchester Advisors

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