



Things You Control

The Tax Man Cometh - Any Silver lining?

Professor BJ Fogg of Stanford University is a leading researcher of Habits. He says: one way to ingrain a new habit is to use an existing habit as a trigger. E.g. Do 10 sit-ups just before you reach for your morning coffee.

So, Tax time is here and you are getting reminders that your 1099 forms will be available for filing by the end of Feb; and Apr 15th is ingrained in all Americans as the tax filing deadline. Here are some ways I use this annual tax ritual for improving my investments and financial well-being, for example:

- Review your portfolio asset allocation and your dividends and capital gains to identify if changes are needed.
- Insure you make your IRA contributions for last year (by Apr 15th).
- For document hoarders (I am one, alas): This is a great time to cull documents you need for essential tax records and get rid of all the others that are simply cluttering your files.
- For document-light people: As you hustle to collect the documents needed for taxes, make a list of the essential ones. Then during the year as you get them – Keep them.
- Electronic documents – we all rely on various companies to generate and store them for us; easy to log-in and download. Except: If you close an account, you may lose all access to your stored statements. (I learned this the hard way when I was unable to take some deductions because I could not get to the statements).

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.



17 Feb 2021
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