Dushyant Pandit
908-608-1608
dpandit@DorchesterAdvisors.com
www.DorchesterAdvisors.com

Things You Control

Declutter your finances to get a clearer picture.

Guidelines for keeping**:**

Tax related documents: The IRS suggests that personal tax records should be kept for 3 years after filing your return or two years after the taxes were paid, whichever is later. These rules apply to other records you use for deductions on your return, (credit card statements, utility bills, auto mileage records, and medical bills etc.). But, different rules apply to business taxes or if you have under-reported your income.

Real estate and investment records: Keep statements until you sell the asset. If the sale is reported on your tax return, follow the rules for tax records.

Investment and Asset documents not used for taxes:
Retirement plan statements: Keep annual statements until you close the account. Keep records of nondeductible IRA contributions indefinitely to prove you paid taxes on the funds.
Social Security: Check your Social Security account to verify that Life-to-date incomes are accurate before throwing your W2 statements; inaccurate Social security records mean potentially lower benefits.

Loan documents: Keep documents and proof of payment until the loan is paid off. After that, keep proof of final payment.

Healthcare Documents & Medical Expense Receipts: If used for taxes, follow guidelines for tax-documents. If used for Insurance claims - keep until claim is filed and paid.

Documents to keep indefinitely include: birth, marriage, and death certificates; divorce decrees; citizenship and military discharge papers; and Social Security cards.

May is a great month to review and declutter your files, since the tax season (April) likely required efforts to compile all key documents. It’s also a great time to update your I.C.E. (In case of emergency) folder. And, the time spent doing this is important: Less clutter equals better clarity.

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

Why Things You Control are 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

Our Financial Planning Principles

Without a Purpose, accumulating money can become a soul-less task. A financial plan gives your savings a purpose.

It's OK to be broke when you are young - not so when you are old: Studies show that people typically tolerate risk and uncertainty better when they are younger.

Getting down from Mount Everest is as important as getting up: Pay as much attention to consuming your money after you retire as you do to accumulating it before you retire.

Planning is life-stage dependent: The principles of saving and investing money in your early years are very different from the techniques that you use in retirement to generate a reliable income stream.

Financial confidence comes from being on top of your taxes, protecting yourself from risks, having a clear picture of your investments and debt, and specific targets for saving and spending.

Achieving financial independence requires a careful balancing of Income, expenses, taxes, and savings. This balancing act (planning) is not intuitive, nor can it be done well on the back of an envelope, but effective plans do give more peace of mind.

Identify your true risks (in contrast to investment volatility, labelled as risk, or uncertainty) and take action to manage them using the correct risk management tools. Pick the right tools for the job - investments won't manage the risks you face, risk products (insurance) won't deliver the growth and flexibility you need.

Taxes remain important even after you retire. However, in retirement your investments become the principal source of your income and hence drive your taxes.

In matters of health: it's your body but your doctor knows better how your body works. So it is with your money: A partnership with an advisor will help you to reach your financial goals - you save, they help your savings grow. Together you can get there faster.