



## Registered Investment Advisor Firm

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### Steps to Financial Peace

#### Compile a net worth statement:

Putting together a net worth statement is one of the most important personal finance documents you create. Examine it closely. If you do it regularly, you'll probably discover that your assets are growing faster than your debts.

Take a sheet of paper and draw a line down the middle. On one side, list your liabilities (your mortgage, credit card bills, loans, etc.). On the other side, list your assets (your home, bank accounts, IRA's, 401k's, etc.). Let's hope that the assets are more than your liabilities.

**Track your spending:** Pull out the past year's checkbook stubs, credit card bills and analyze how you spent your money. Breakdown your credit card bills to show how much you spent on food, clothing, dining out, car repairs, etc. - but don't count to the penny.

**Draw up a wish list:** Jot down where you would like to spend future money and estimate the cost. Don't shackle yourself with practicality. Dream a little. Rough out what you want to do

with your partner or family in five years and what a perfect retirement would look like. A goals list.

**Start a filing system:** Find some big envelopes, or accordion files, to file your various expense receipts, your mutual fund recaps and other records. It will ease your tax headaches and it will get your finances organized for simpler review.

**Trim sending:** Try to do more on less. For instance, you don't have to give up dining out, hunt for the out of the way jewels that charge less, rather than the fancy more expensive restaurant.

**Control your credit cards:** The average American has more than \$1,700 balance on each credit card. That number will probably be higher after the holidays. If you can't pay your cards in full in three months, it is time to cool it. Put your cards away and promise yourself you won't use them, but they will be available for emergencies.

**Boost your savings:** Pay yourself first. Direct deposit your IRA, 401k or saving accounts. Make it systematic before it

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reaches the Bermuda Triangle you call your checkbook. Save until it hurts. Then save some more.

**Plan your tax hit:** There's one time you don't want someone to save your money for you, the Internal Revenue Service (IRS). Many people get excited over a big refund. You could do the same thing with payroll deduction to your credit union – and you'd earn interest. Divert that savings to your 401k or IRA to reduce your tax bite because it comes off the top before taxes. Maximize your 401k; SEP, ROTH and traditional IRA and your Health Saving Accounts (HSA)

**Rebalance your investment portfolio:** There is convincing evidence your portfolio's fate depends less on which investments you select and more on your mix of investment classes. If you diversify properly, you can get high return taking less risk.

To start, decide what long term mix of stocks, bonds and cash is appropriate for you in terms of potential growth, risks, taxes, etc. Look at each class and diversify each one. Once you have picked a mix, keep your portfolio in alignment with your goals.

**Review your insurance needs:** Review your needs against affordability. Balance your needs of car, home, health, life, long term and disability insurance. You need to protect yourself and family against the unknown.

**Relax:** If you need help with any or all of these Simple Steps to Financial Peace, turn to a professional for guidance and support. They can provide knowledge

and expertise. If you need help or advise, contact Bob at (707)648-2024.

### *FED Watch*

Still holding .25%- .5%. Next meeting is March 15th and 16<sup>th</sup>.

Still on the edge of our seats.

### *Davis Investment Group*

Davis Investment Group is a fee-based Registered Investment Advisor firm servicing the needs of clients across the United States.

Davis Investment Group custodies all client assets at Charles Schwab & Co. Davis Investment Group's home office is located at 714 Marin Street, Suite #C, Vallejo, CA 94590. The telephone number is (707) 648-2024.

If you have questions or would like further information on this month's topics or any other financial or investment related subjects, including Social Security claiming strategies, please contact me by phone or through my email address at:

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