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Financial Wisdom for Living Well

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Your 10 Most Important Financial Moves for 2027

The start of a new year is a time to plan and reflect. As 2026 gives way to 2027, consider these questions: "Am I saving and investing sufficiently for future needs?" "Am I giving enough?" "What steps can I take to strengthen my finances?" "Am I pursuing spiritual disciplines to help me be a better steward?" This article will help you choose 10 steps to enhance your financial health and overall stewardship in the year ahead.

by Joseph Slife

"Keep calm and carry on."
– From a morale-boosting poster designed for use in Britain during World War II.

The message on the poster was simple and straightforward: No matter what may occur, stay steady. Faithfully carry out your responsibilities.

That is wise advice. Indeed, it describes well the calling and commitment of a good and faithful steward. No matter what is happening in the news, the markets, or the surrounding culture, our task is to put our "hand to the plow" (Luke 9:62) in service to the Lord.

To be sure, the concerns and challenges of our day are disquieting. But such times are nothing new. Nearly 3,000 years ago, the prophet Habakkuk was vexed as he saw "destruction and violence" all around him. He observed that "there is strife, and conflict abounds." To Habakkuk, it seemed as though "the law is paralyzed, and justice never prevails" (Habakkuk 1:3-4). Centuries later, Jesus Himself said we shouldn't be surprised to hear of "wars and rumors of wars" (Matthew 24:6).

In a fallen world, things are not the way we would like them to be. Indeed, to borrow a phrase from 2 Corinthians 4, we often feel "troubled on every side."

However, the Apostle Paul, who wrote those words, didn't stop there. He went on to declare that, even though he was "hard pressed," he was "not crushed." Though "perplexed," he was "not in despair." Though "persecuted," he was "not abandoned." Even when "struck down," he was "not destroyed" (see 2 Corinthians 4:8-9). As God's faithful steward, he pressed on—steadily carrying out the responsibilities God had given him.

In his letter to the Philippian church, Paul gave this advice to the believers: "Whatever happens, conduct yourselves in a manner worthy of the gospel of Christ" (Philippians 1:27). Although written in a specific context, the apostle's exhortation applies in *every* situation: Our calling, whatever happens, is to honor God by faithfully representing Christ and the gospel.

In that same letter, Paul urged, "Rejoice in the Lord always…. Do not be anxious about anything, but in every situation, by prayer and petition, with thanksgiving, present your requests to God." And then comes this *(continued on page 179)*

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"FOR GOD HAS NOT GIVEN US THE SPIRIT OF FEAR BUT OF POWER, AND OF LOVE, AND OF A SOUND MIND."

Your 10 Most Important Financial Moves for 2027

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promise: "The peace of God, which transcends all understanding, will guard your hearts and your minds in Christ Jesus" (Philippians 4:4, 6-7).[1]

A new year is before us. We cannot know what it may bring. But whatever happens, we are to rejoice in the Lord and conduct ourselves "in a manner worthy of the gospel." And, as always, our hope at SMI is that you will "honor the LORD with your wealth and the best part of everything you produce" (Proverbs 3:9 NLT).

Selecting your Top 10

Below are more than 70 recommendations to improve your finances and deepen your walk with the Lord over the next 12 months, based primarily on articles published in the Sound Mind Investing newsletter this year. Many of the suggestions are "hands-on" tasks, while others are more "educational" (i.e., improving your understanding of a topic). A few involve strengthening your spiritual disciplines.

We've placed a box next to each recommendation. As you read, put a checkmark ☑ next to each item that's relevant to your financial situation, season of life, or spiritual walk. Then, review your checked items and ask God to guide you in selecting 10 items to focus on for the new year.

Assign each of the 10 a specific priority, especially the hands-on suggestions. Make your most important item #1, the second most important #2, and so on. If you're married, go through this planning process with your spouse to discuss the recommendations, clarify understanding, and align on your goals.

We suggest implementing at least one of your top three hands-on tasks before starting the others. Trying to accomplish too many things at once can create a sense of being overwhelmed, leading to insufficient follow-through.

Each suggested "action item" includes a footnote that points to the article it's based on, so you can reread the original article for additional insights. Most footnotes cite articles published in the SMI newsletter in 2026, though a few cite other resources.

Recognizing what is of first importance

God is the owner of everything. We are not owners but stewards, called to care for—and use wisely—what belongs to the Lord. As with achieving proficiency in any endeavor, faithful stewardship requires returning to the fundamentals, both spiritual and financial, again and again.

The following suggestions will help you put first things first.

❑ **Do a spiritual self-assessment.**[2] Do you sincerely desire to be directed and empowered by the Holy Spirit? Are you willing to present every area of your life to God? Are you willing to deal with any unconfessed sin in your life?

❑ **Look to Jesus.**[3] In 2027, pray regularly that every step you take will reflect our Lord and Savior Jesus Christ. Apart from Him, "you can do nothing" (John 15:5). But if you abide in Him, you will "bear much fruit" (John 15:8).

❑ **Be ready and willing to respond when the Lord calls.**[4] Living the Christian life requires being attentive to the Holy Spirit's direction. When God speaks, learn to say, "Here I am. Your servant is listening."

❑ **Press on toward becoming a mature steward.**[5] Spiritual maturity doesn't just happen. We are called to pursue it (see, for example, 2 Corinthians 8:7). As we seek the Lord and yield to His Holy Spirit, God purifies our motives. Rather than serving Him for self-focused or immature reasons, we begin to delight in pleasing the Father's heart.

❑ **Desire and pursue personal transformation.**[6] By God's grace, ordinary people can receive power for extraordinary life change. This is integral to what Jesus proclaimed when he said, "Repent and believe in the good news" (Mark 1:15).

❑ **Trust God.**[7] The Lord will always make available whatever resources you need to remain in His will and walk in His ways. Whatever God requires, He provides.

❑ **Practice generosity.**[8] God desires that we have "life that is truly life," and being "generous and ready to share" is part of the means He has appointed to that end (1 Timothy 6:18-19). Indeed, He wants us to be blessed, and, as Jesus said, "It is more blessed to give than to receive" (Acts 20:35).

❑ **Create a "blessing box" to help you remember what the Lord has done for you.**[9] The busyness of life may cause you to forget the blessings God has bestowed. Creating a blessing box, with written reminders of how God has provided for your needs, will help you live with ongoing gratitude and contentment.

❑ **Reorient your financial life around what you truly want.**[10] Do you want more busyness and more striving after things? Or do you want spiritual refreshment and more time with family and friends?

Fortifying your financial foundation

A firm foundation is crucial to long-term financial health and stability. If your foundation isn't firm, focus your 2027 efforts on the suggestions in this section before moving on to more advanced topics.

❑ **Create a personalized financial plan.**[11] A common mistake with finances is an error of omission: making spending and investing decisions without first developing a broader plan. A plan provides a framework for your financial life, so you are no longer making haphazard choices about money.

❑ **Take the foundational steps.**[12] Don't be embarrassed or demoralized if you're just starting out (or perhaps restarting). Every great project starts small. Do what's necessary to build a foundation of financial stability, such as paying down debt and establishing an emergency fund. Building your financial foundation may take several years, but it will be time well spent.

❑ **If you're married, schedule a monthly financial meeting with your spouse to catch up on where thing stand and map out money tasks based on each other's unique strengths.**[13] In most marriages, husbands and wives have

[1]Unless otherwise noted, Scripture quotations are from the Holy Bible, NEW INTERNATIONAL VERSION®, NIV® Copyright © 1973, 1978, 1984, 2011 by Biblica, Inc.® Those marked (NLT) are from the Holy Bible, New Living Translation, copyright © 1996, 2004, 2007, 2013, 2015 by Tyndale House Foundation.
[2]Nov2026:Cover [3]Jan2026:p2 [4]Dec2026:p178 [5]Jul2026:p98 [6]Mar2026:Cover [7]Apr2026:p50 [8]Jul2026:Cover [9]Nov2026:p162 [10]Dec2026:p182 [11]Jan2026:Cover [12]Jan2026:p6 [13]Jul2026:p102

different temperaments, meaning they think differently about spending, decision-making, and risk-taking. By recognizing and understanding the differences between you and your spouse, you learn to maximize each other's strengths while navigating each other's weaknesses.

❑ **Learn from those with expertise.**[14] SMI is blessed with many members who've been on the journey of faithful stewardship for a long time. Learn from their wisdom—and from their mistakes—by joining the Member Forum on the SMI website.[15]

❑ **Be diligent about building an emergency fund.**[16] Life is unpredictable. Unanticipated events happen—and often come with a price tag. An emergency fund helps you meet these challenges without going into debt.

❑ **Start using multiple savings accounts to help reach your savings goals.**[17] Some banks and credit unions let customers open multiple savings accounts (or earmarked subaccounts) at no charge. That makes it easy to track your savings growth toward specific targets, such as a vacation or Christmas gifts.

❑ **Do the math before taking on longer-term debt.**[18] The longer the term, the higher the interest cost. If you borrow, try to borrow as little as possible and for as short a time as possible.

❑ **If you are purchasing your first house, learn about the differences between a conventional loan and an FHA loan.**[19] The conventional vs. FHA decision will affect 1) the required down payment, 2) potential sources for the down payment, 3) closing costs, 4) the size of monthly payments, and 5) the options available when reselling the property.

Developing your investing plan

Scripture encourages us to prepare for tomorrow's needs (Proverbs 6:6-8) without becoming hoarders (Luke 12:15-21). The following suggestions can help you invest as a faithful steward, acting with prudence and wisdom.

❑ **Set aside common misconceptions.**[20] In the investing world, many things are not as they seem. Investing may seem complicated, selling under fire prudent, and precise timing crucial. These things are not true, or, at best, only marginally so. If you learn to separate the real from the illusory, you'll be a better investor and enjoy a more peaceful life.

❑ **Follow investing-related boundaries rooted in Scripture.**[21,22] As fallen human beings, we need God's wisdom in our decision-making. SMI encourages you to invest according to biblical precepts that encourage investment diversification, non-emotional decision-making, a long-term perspective, and a stewardship mindset.

❑ **Guard against "behavioral biases."**[23] It's easy to "misthink" money matters. For example, we can lose sight of the fact that many aspects of our investments are outside our control. A balanced approach is to have a written plan, follow a rules-based strategy, stay diversified, and focus on what you can control, such as how much and how often you invest.

❑ **Stop following the daily movements of your portfolio.**[24] Most of us aren't wired to process significant swings in our investments without a commensurate swing in our emotions! Emotional upheaval makes us want to "do something" in response—and short-term reactions almost always undermine long-term success.

❑ **Re-read SMI's April cover article on "momentum," the engine that drives most of SMI's investment strategies.**[25] SMI's active strategies[26] don't depend on predictions or subjective judgments about how the markets will perform. Instead, they follow objective guidelines based on measurable market trends. We want you to understand what momentum is and why it's a useful touchstone for making investment decisions.

❑ **Understand how the approach of SMI's "passive" strategy, Just-the-Basics, differs from our active strategies.**[27] JtB uses an indexing approach that seeks to match overall market performance rather than attempt to "beat the market." Indexing has been quite successful in recent years, and many SMI investors use it alongside SMI's active approaches.

❑ **Review SMI's revamped Bond Upgrading approach.**[28] In 2026, we unveiled a new, less-conservative approach to Bond Upgrading, consistent with our view that a market shift has occurred in bonds—from a long-running bond bull to a bond bear. That shift has made bond investing more challenging, but we're confident that SMI's new approach can deliver better returns than simple indexing.

❑ **Choose a brokerage firm that's right for you.**[29] SMI has narrowed the broker universe to a handful of brokers whose policies and fund availability align well with our strategies. Each has pros and cons, so compare their offerings, fees, and overall policies to determine what works best for you. (Of course, you're free to choose a broker not on our recommended list if you prefer.)

❑ **Review the definitions for "limit," "market," and "stop" orders before placing your next ETF trade.**[30] Unlike "traditional" mutual funds that trade only once a day at the market close, exchange-traded funds trade throughout the day (and, in some cases, after hours). You must choose when and how you want your ETF order to execute, and your choice could introduce additional risk.

❑ **Find out why SMI has started recommending slightly different ETF versions of index funds we've used for a long time.**[31] Large index funds were created for institutional clients, and for years, retail investors have gone along for the ride. Now, some companies have rolled out "mini" versions of their big index funds that are more user-friendly for smaller investors.

❑ **Understand the market's "emotional cycle."**[32] Markets are collections of people acting on fears and desires. They tend to move from despair (on one end of the scale) to euphoria (on the other), then back to despair. You should be aware of this cycle because it repeats. SMI's trend-following strategies can help you navigate the cycle without obsessing over it.

❑ **Manage your expectations.**[33] The market can mislead you because it is often impossible to accurately gauge what it is doing in real time. Your job is to take it all in stride and stay invested for the long term.

[14]May2026:p70 [15]forums.soundmindinvesting.com [16]Apr2026:p54 [17]Oct2026:p150 [18]Mar2026:p38 [19]Aug2026:p118 [20]Feb2026:p18 [21]Oct2026:p146
[22]Oct2026:p151 [23]Mar2026:p39 [24]Dec2026:p183 [25]Apr2026:Cover [26]Namely, Fund Upgrading, Dynamic Asset Allocation, and Sector Rotation.
[27]Sep2026:p135 [28]Jan2026:p7 [29]Jun2026:Cover [30]Dec2026:p184 [31]Jul2026:p104 [32]May2026:p66 [33]Aug2026:Cover

❑ **Review the historical data of past market downturns.**[34] Knowing how the stock market has responded to shocks and reversals in times past will go a long way toward calming your emotions and helping you stick to your plan. Through crises of many kinds—and many different election outcomes[35]—the market has continued its march upward, not always steadily, but eventually.

❑ **Plan for the best, prepare for the worst.**[36] Panic is the enemy of successful long-term investing. Learn from professional pilots, who are trained to keep their wits about them when things go wrong. You can't control the market, but you can control your reaction during difficult periods.

❑ **Ignore market forecasts.**[37] Most Wall Street forecasts turn out not just incorrect but significantly so. Much of what passes for news or insightful commentary is simply noise that should not affect your short-term decisions or your long-term plan.

❑ **Maintain a margin of safety.**[38] Don't get complacent when everything seems fine. The market can deliver unexpected shocks! Stay diversified in your investments, maintain a healthy savings reserve, and keep your debt manageable (and follow a plan to become debt-free). Also, be sure your mix of stocks and bonds (and any SMI-recommended alternatives) fits your season of life and risk tolerance.

❑ **Discover how SMI's approach helps you navigate a late-stage bull market (or a possible bubble).**[39] A common feature of market behavior is that a bull market often posts some of its best performance just before a bear market begins. SMI's approach helps investors take advantage of strong performance while it lasts, while also reducing downside risk.

❑ **Be wary of investing opportunities that foster a gambling mentality.**[40] "Prediction markets," which let investors bet on everything from election outcomes to the severity of future weather events, have entered the traditional investing conversation. If you want to participate in prediction markets, consider your motives. Remember, as Scripture teaches, "Steady plodding brings prosperity; hasty speculation brings poverty" (Proverbs 21:5, The Living Bible).

❑ **Steer clear of investing in things you don't understand.**[41] The investing world offers many investments narrowly targeted to "niche" industries or complex technologies. Because such investments may carry risks not readily grasped by most investors, they are best left to investors with particular expertise.

❑ **Rebalance your portfolio for 2027.**[42] Rebalancing adjusts your holdings back to the target percentages you originally chose—percentages appropriate for your risk tolerance and stage of life. Although you can rebalance at any time, many investors prefer to do so in January as the new year begins.

❑ **Learn to calculate your returns accurately.**[43] The math of investing is more complicated than it seems at first glance. If you are trying to calculate a "total return," simply adding up yearly percentage returns won't give you the correct answer. That approach fails to capture the "compounding" effect of multi-year returns.

❑ **If using a taxable account, manage your capital gains and losses wisely.**[44] It is possible to avoid certain negative tax impacts if you pay attention to buy/sell dates and the dates of fund distributions. You can also avoid some taxes by using capital losses to offset gains or other income.

Broadening your portfolio

❑ **Examine your overall portfolio in light of the two different types of "asset allocation."**[45] Asset allocation is a crucial investing concept. Most commonly, the term describes how an overall portfolio is divided among different types of investments, typically between stocks and bonds. This is known as *strategic* asset allocation. In contrast, *tactical* asset allocation, used regularly in SMI's DAA strategy (and sparingly by Upgrading), involves moving into and out of specific asset classes in response to unfolding trends.

❑ **Use SMI's Dynamic Asset Allocation strategy to diversify your holdings beyond stocks and bonds.**[46] No one knows what the future holds or which investments will perform best in the coming years. Stocks and bonds will play crucial roles, of course, but we encourage you to spread your money across other asset types too via DAA.

❑ **Take advantage of international investing opportunities.**[47] Over the past 15 years or so, investors have strongly preferred U.S. stocks over international holdings. Now, some indicators suggest the pendulum may finally be swinging the other way. If you follow SMI's recommendations, you'll have solid exposure to international holdings.

❑ **If you invest via a target-date fund (TDF) in your workplace plan, find out "what's under the hood."**[48] TDFs typically hold a mix of stocks, bonds, and cash (and may soon include even more—see next item). But the investment mix can vary sharply from company to company.

❑ **Learn about the annuity options added to some target-date funds.**[49] Company pension plans, once common in America, promised retirees a steady income for life. Today, workers typically have 401(k)s or similar accounts that don't include a pension-like "defined benefit." However, that is changing—at least in part. Some target-date funds now offer a "guaranteed" income option by adding annuities to their allocation mix.

❑ **Educate yourself about another change coming to workplace target-date funds: private equity.**[50] Thousands of U.S. companies do not offer public stock. Instead, such companies are part of the "private equity" market—long the investing domain of endowments, foundations, and wealthy individual investors. Now, regulatory changes are underway that will open the door to private equity investments in some target-date funds.

❑ **Make the most of the fund options in your employer-sponsored retirement plan.** Many workplace plans offer a very limited selection of funds, which can make implementing SMI's Fund Upgrading strategy challenging. However, you may be able to create a modified version of Upgrading by using SMI's online Personal Portfolio Tracker[51] and our monthly Fund Performance Rankings report.[52]

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[45]May2026:p71 [46]Oct2026:Cover [47]May2026:Cover [48]Mar2026:p40 [49]Aug2026:p121 [50]Sep2026:p136 [51]bit.ly/using-the-smi-tracker [52]bit.ly/smi-fpr

MONEYTALK

STOCK UPGRADING — NEW FUND RECOMMENDATIONS

[Stock Upgrading is a strategy involving owning traditional mutual funds and ETFs exhibiting strong recent momentum. As momentum fades, holdings are replaced. The simplest method of selecting funds is to buy those recommended on the "Basic Strategies" page.]

Five years ago, in SMI's January 2022 cover article, we laid out the case that although the economy was likely to slow in the year ahead as the post-COVID stimulus ended, the Federal Reserve was nevertheless about to begin hiking interest rates aggressively to combat rapidly accelerating inflation. This "hiking rates into an economic slowdown" is exactly what unfolded, with the S&P 500 Index falling -25% over the next 10 months.

Eight years ago in 2018, the S&P 500 Index fell nearly -20% between the start of October and Christmas, sparked largely by a new Federal Reserve Chairman (Jerome Powell) making rookie communication errors. He infamously remarked on Oct. 3, 2018, that interest rates were "a long way from neutral," implying an aggressive rate-hiking cycle was ahead. Stocks started falling immediately and didn't stop until the "Powell Pivot" three months later, when he abruptly reversed course and signaled patience and flexibility in future policy.

The past several weeks have offered plenty of ammunition to remind investors of both of these prior periods. Conjuring 2022 memories, we have an economy that got a strong boost earlier this year from front-loaded stimulus in the "One Big Beautiful Bill," designed to have the economy humming by the mid-term elections. That stimulus is now largely behind us. Making matters worse, the primary recent economic growth driver—the Artificial Intelligence datacenter buildout—now faces substantial headwinds, considering Democrats' strong recent showing in national and state elections and their intent to slow the datacenter buildout by regulation. The odds of slowing economic growth in 2027 appear to be rising.

On the other hand, 2026's strong stock earnings, and the expectation those will continue, are reminiscent of 2018—at least up until the point the Fed reminded investors of the market's vulnerability to higher interest rates. This seems to hold open the possibility that, absent higher rates slowing the economy too much, perhaps the recent correction in stocks has provided enough of a "reset" that the market advance could continue next year.

The common denominator in 2018 and 2022 was a Fed publicly stating its intention to begin hiking rates aggressively. This past month, multiple Fed Governors stated their belief that more hiking will be required than investors are anticipating. On cue, investors updated their expectations and stocks fell sharply. As SMI has noted many times, Fed rate-hiking cycles often correspond with the end of bull markets.

Will today's market more closely resemble the 2018 path, with the Fed backing off in the face of falling markets? Or will they follow through with aggressive hikes, potentially tightening monetary policy into an economic slowdown, as was the case in 2022? Of course, these historical analogues are never perfect. But they do illustrate how the Fed's reaction to markets—or lack thereof—can tip the balance one way or the other.

If you have a crystal ball, please let us know how this will turn out! Given we don't know that yet, we'll have to follow the market signals as they come. This month, we have two sell signals accompanied by intense market volatility. With the stock market falling and rising in extreme fashion as the Thanksgiving holiday approached, the rankings have been shifting rapidly, making this a difficult time to make fund decisions with a week still to go in November. For now, we're recommending two sales, with the proceeds to be held in cash. At the end of the month, we'll update these recommendations online based on the end-of-November rankings.

◆ **In the Situational group, sell USCF Summerhaven Dynamic Commodity (SDCI, 9/2026). Hold the proceeds in cash.**[1] It's been an unusually difficult year in commodities, driven primarily by the on/off status of the Iran War and its outsized impact on energy commodity prices. Since late October though, there's been a broad commodity collapse in everything from energy to food to precious and industrial metals. This type of broad commodity price swoon is consistent with future economic growth fears.

When we introduced commodities to Upgrading in 2021, our original system toggled between commodities and cash. We later modified that to allow our "commodity money" to be invested in stocks rather than cash when the system signaled to sell commodities during strong stock bull markets. This month, we're returning our commodity money to cash in light of the commodities sell signal, coupled with the recent stock market weakness and volatility.

◆ **In the Small Company group, sell Paradigm Select (PFSLX, 7/2026). Hold the proceeds in cash for now (and check back online at month-end).**[1] Of the three small-company funds Upgrading recommended last summer, Paradigm held up the best. Through early October, it was down less than -1% from our mid-year entry. Unfortunately, small-company stocks proved once again to be the proverbial canary in the coal mine (much as they were in late 2021), starting a steep decline in mid-August, roughly six weeks before the broad market indices peaked and rolled over. Paradigm held up better than most small-company funds, but when the broad market turned lower in October, Paradigm cracked and fell sharply.

While our commodities money will likely remain in cash for December, a late November rally would incline us to replace Paradigm with a new stock fund recommendation. You can either sell Paradigm now and hold the proceeds in cash until the end of the month or wait until we update this trade after month-end. Once the final month-end rankings are available, we'll update this trade recommendation on the SMI website and send a new Upgrading email alert.

If you haven't signed up for Stock Upgrading email alerts, you can do so from the "My Account" section of the SMI website by clicking the "Email Notifications" tab.

Happy Thanksgiving! ◆

[1]See the SMI website's Nov. 11 article "Investing Your Cash" for suggestions on where to invest your cash proceeds. With interest rates as high as they are today, don't leave cash uninvested in your brokerage firm's default "sweep" account if that account pays little or nothing.

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YOUR 10 MOST IMPORTANT FINANCIAL MOVES FOR 2027

❑ **Lost your job, moving to a new employer, or retiring? Make a wise choice about your workplace plan money.**[53] Departing workers typically have four options: Keep the money in the employer's plan, transfer it to an IRA, transfer it to a new employer's plan, or cash out. In most cases, cashing out is the worst option, but it may be necessary if you're facing bankruptcy or foreclosure.

❑ **Start making regular contributions to a traditional or Roth Individual Retirement Account.**[54] If you don't have access to a workplace investment plan (or, in some cases, even if you do), use an IRA to invest for retirement. IRAs offer tremendous flexibility in investment options.

❑ **Understand how the tax benefits of traditional and Roth IRAs differ.**[55] Both account types receive special tax treatment, but the tax advantages of traditional accounts are not the same as those of Roths. Since no one knows what tax rates and brackets will be decades from now, you may want to have both types of IRAs—a traditional account and a Roth.

❑ **Learn how Roth IRAs differ from Roth 401(k)s.**[56] It's easy to get confused about how different accounts work, especially when their names are similar. A Roth IRA (a user-initiated individual account) and a Roth 401(k) (an employer-sponsored account) share several features. However, they differ in contribution limits and income-qualification thresholds. In some cases, at least part of a Roth 401(k) distribution could be taxable. That's not the case with a Roth IRA.

❑ **Open a taxable account.**[57] Most investors favor tax-advantaged retirement accounts, such as IRAs and 401(k)s. But in some cases, it can be helpful to have a taxable investment account, too. Taxable accounts face fewer government-imposed limitations and offer a flexible way to invest for various saving and giving goals.

❑ **If you've been following the SMI's strategies but no longer have the inclination to implement them yourself, investigate SMI Private Client.**[58] Private Client uses strategies similar to those of the SMI newsletter, offering custom allocations to fit your personal circumstances and risk tolerance.[59]

Looking toward retirement

❑ **Start planning the decumulation phase of your financial life.**[60] Many retirees live well into their 80s or 90s (or longer!). That longevity makes it difficult to determine how much to withdraw from retirement accounts each year without depleting your resources. The "4% rule" is often cited as the standard, but for many retirees, inflation-adjusted withdrawals as high as 5% (or slightly more) won't deplete their accounts for decades.

❑ **Decide whether you will treat future Social Security benefits as a "fixed-income" asset in your portfolio.**[61] This choice will affect the rest of your asset allocation as you move toward retirement. Study the pros and cons.

❑ **Rethink traditional draw-down advice.**[62] A major consideration when withdrawing retirement funds is, "How will this withdrawal affect my tax situation?" Rather than following a rigid approach to which accounts to draw from and in what order, it may be better to adopt a strategy that helps smooth your tax burden so your tax bracket stays relatively steady from year to year.

❑ **Get help from MoneyGuide.**[63] Retirement planning is a dynamic process, subject to changing circumstances. To help SMI members plan, SMI Advisory Services offers access to Envestnet MoneyGuide, an online tool that helps create a well-ordered yet flexible plan that takes into account your savings, investments, Social Security benefits, living expenses, and your particular financial goals. MoneyGuide is available to SMI Premium-level newsletter members for a one-time $50 fee.[64]

❑ **Get more out of MoneyGuide by taking advantage of new tutorial videos produced by SMI Private Client.**[65] Because MoneyGuide helps you plan your *overall* finances, not just a single aspect, it can be challenging to use it effectively. Our colleagues at SMI Private Client have produced a new series of videos that walk you through MoneyGuide step by step.

❑ **Retired already? Create your own retirement paycheck.**[66] Traditional pensions gave retirees a steady paycheck. Most retirees today don't have pensions, but you can manage a retirement portfolio to offer many of the same benefits. Doing so involves a "bucket strategy," and you can execute it using SMI's strategies.

❑ **Start implementing a plan to transfer your wealth to the next stewards.**[67] Affluent parents often leave a large inheritance to their children, but sometimes that inheritance hurts rather than helps because the children are not financially responsible or spiritually mature. If you have significant wealth, first take steps to pass on your financial wisdom and your understanding of God-honoring stewardship.

Cybersecurity / Children / Healthcare / Early Retirement / School Debt

❑ **Protect your usernames and passwords.**[68] Many people use easily guessed passwords, such as an anniversary date or a child's name. Hackers can exploit these patterns. Step up your cybersecurity by crafting stronger passwords and by using "passkeys" such as fingerprint ID.

❑ **Take up the crucial task of teaching your children to manage money.**[69] The financial habits children form now, when they don't have much money, are crucial. Those habits will be magnified—for better or worse—as they move through life.

❑ **Consider getting your children started with lifelong investing by opening Trump Accounts.**[70] Trump Accounts (also known as Section 530 accounts) are similar to traditional IRAs. Contributions—which parents, grandparents,

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businesses, charities, and certain other entities can make—are allowed only until the beneficiary turns 18. At age 18, the beneficiary can convert the account to a Roth IRA (some taxes may be due), giving them an early start on a tax-advantaged retirement nest egg.

❑ **Want your child to gain hands-on investing experience? Look into the teen-focused taxable accounts offered by Fidelity and Schwab.**[71] Although Fidelity and Schwab still offer "custodial" accounts where a parent retains full control, both companies now offer specialized accounts that give teens (ages 13-17) greater authority. The Fidelity Youth Account allows a young person to trade independently. Schwab's Teen Investor Account requires parental input.

❑ **Investigate the money-saving advantages of a health savings account.**[72] HSAs offer three significant tax benefits, but you must have a "high-deductible health plan" to qualify. The benefits are tax-deductible contributions, tax-deferred earnings growth, and tax-free withdrawals for qualified medical expenses.

❑ **Learn more about the FIRE movement.**[73] A growing number of people in their 20s and 30s are taking steps to reach Financial Independence and Retire Early by trimming their living expenses and significantly ramping up their savings and investing. If FIRE interests you, consider your motives—and your willingness to cut living expenses to pursue your goal.

❑ **Avoid the "senior squeeze" fueled by school debt.**[74] People aged 60 and older now make up more than 8% of student-loan borrowers, compared with less than 3% 15 years ago. School-debt payments make retirement planning even harder, so be wary of taking on student debt as you near retirement age. (Also, don't sacrifice your retirement savings to pay for children's college. Consider less-expensive schools and explore employer-provided tuition assistance.)

A faithful steward

We can't know what a new year will bring. However, we *can* know this: We have a calling to be God's faithful servants and stewards, no matter what. So keep calm and carry on! And may we all, in time to come, hear these wonderful words from the lips of the Master: "Well done, good and faithful servant!... Come and share your master's happiness!" (Matthew 25:21). ◆

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