

# Nashville Business Journal

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## Savvy investors are already planning ahead to next year

As we approach December, many of you will be gathering information so your accountant can prepare your tax return.

The end of the year naturally gets us thinking about what we've accomplished over the last 12 months, but smart investors are already planning for the next 12.

This is the time of year when your financial planning professional can do his or her best work to help you take stock and anticipate changes in your financial plan. There are some limited options for improving your tax outlook for 2006 this late in the year, but 2007 is wide open.

You should make a habit of reviewing his or her investment strategy during the fourth quarter in anticipation of the coming first quarter. Make it as regular as changing the batteries in your smoke detectors or the oil in your car.

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### 'Your financial professional's job is to look at the big picture.'

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An effective financial plan is not something that can be done once and filed away. It has to be reviewed and revised. Changes in the market, tax law, new industry regulations, family life, business life and the financial industry itself will have an effect on your plan.

Your financial professional's job is to look at the big picture, balance the external changes with your particular goals and family or business situation and make recommendations that will maximize the value of your assets.



### GUEST COMMENTARY

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Anticipating an efficient and effective response to all these variables is not possible without a great deal of training and experience. You have to be vigilant. Or hire someone to be vigilant for you. The better the relationship between you and your financial planner, the better he or she can serve your interests.

The changes in your financial plan from year to year may be subtle ones, but the end result can be the difference between retiring comfortably, and living out your golden years in financial uncertainty.

The time to focus on retiring comfortably is now. You are already gathering receipts and records for your tax preparer; make an additional appointment with your financial advisor. Use that time to ensure your goals are still within reach and find out if there are better and more efficient ways to meet them.

Your advisor will know, for example, about subtle changes in the industry that may only affect you. Suppose a fund manager is replaced – that may not be front-page news, but it can have a profound effect on both your tax bill and your bottom line.

Other areas for your financial advisor's consideration include whether or not you got a raise this year or whether you anticipate selling your business.

You might have a son or daughter ready to go to college or you might be considering some large purchases this year. Now is the time to be addressing these areas.

The end of the year is also when many people collect bonuses, disbursements and other annual payments. In some cases these payments can be significant. Your financial planner will have advice on how to best make use of these funds and to minimize the taxes on them. But to get the maximum benefit, you have to act now, so any adjustments can take place ahead of Jan. 1.

Most of all, the end of the year is a time for evaluation and resolutions. Review your gains and losses, think about strategies for next year, and resolve to improve your financial outlook through disciplined spending and wise investing.

Check your credit report for unusual activity. If you are more than 70 years old, make sure you have taken the required minimum distributions from any retirement accounts.

Even if your plan is perfect, it never hurts to put in a little face time with your financial advisors. It reinforces the idea that you are paying attention to your accounts, that you expect personal attention and that you want the channels of communication to remain open.

Be proactive in your approach to your finances and you will be rewarded with a better relationship with your financial planner and a clearer understanding of your plan.

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