Put a Trusted ‘Quarterback’ On Your Financial Team

On February 4, the eyes of most of the country – and much of the rest of the world – will be on Minneapolis, site of the most-watched football game in the U.S. As a fan, you can admire the way quarterbacks in the Big Game direct their teams. But as an investor, you can learn something from the big game by putting together your own team to help you achieve your financial goals – and you may find it helpful to have your own “quarterback.”

Who should be on your team? Your financial strategy will involve investments, taxes and estate planning, so you will likely need a financial advisor, a tax professional and an attorney. Ideally, your financial advisor – the individual with the broadest view of your financial situation – should serve as the quarterback of this team. And, just as a quarterback on a football team must communicate clearly with his teammates, so will your financial quarterback need to maintain consistent contact with the other team members.

Let’s look at a couple of basic examples as to how this communication might work.

First, suppose you are self-employed and contribute to a Simplified Employee Pension (SEP) IRA. Because your contributions are made with pre-tax dollars, the more you put in, the lower your taxable income. (In 2018, the maximum amount you can contribute is $55,000.) Your financial advisor can recommend investments you can choose from to help fund your SEP IRA. Yet you will want your financial advisor to share all your SEP IRA information with your tax professional. When it’s near tax-filing time, your tax professional can then let you and your financial advisor know how much room you still have to contribute to your SEP IRA for the year, and how much you need to add to potentially push yourself into a lower tax bracket.

Now, let’s consider the connection between your financial advisor and your attorney – specifically, your attorney handling your estate planning arrangements. It’s essential that you and your financial advisor provide your attorney with a list of all your financial assets – IRAs, 401(k)s, investments held in brokerage accounts, insurance policies and so on. Your attorney will need this information when preparing your important legal documents, such as your will and living trust – after all, a key part of your estate plan is who gets what. But it’s imperative that you and your financial advisor convey some often-overlooked details that can make a big difference in the disposition of your estate. For example, your financial advisor might suggest that you review the beneficiary designations on your IRA, 401(k) and life insurance policies to make sure these designations are still accurate in light of changes in your life – new spouse, new children and others. These designations are meaningful and can even supersede the instructions you might leave in your will or living trust. Consequently, it’s important for you and your financial advisor to share this information with your attorney.

It can be challenging to meet all your financial objectives. But with the right team in place, and a quarterback to help lead it, you can keep moving toward those goals – and you might cut down on the “fumbles” along the way.

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