WEALTH OF KNOWLEDGE

With a new year upon us, there's no better time to set financial goals. But where does one start? Daniel J. Curtin, the managing director and head of J.P. Morgan Private Bank in Boston (privatebank.jpmorgan.com), is here to help—over 30 years of industry experience ensures his advice is invaluable. Below, Curtin shares his keys to financial success and tips for goal setting, even in a recession.

BY MADISON DUDDY // PHOTOGRAPHED BY CHERYL RICHARDS

What would you say has been the key to your financial success? I maintain a long-term mindset and a diversified portfolio that is consistent with my goals. While rolling 12-month stock returns have varied widely since 1950, a blend of stocks and bonds has not suffered a negative return over any five-year rolling period in the past 70 years. Maintaining a long-term outlook combined with continued contributions over time and compounded make a difference to reaching your goals.

How can people still stay on track with their financial goals during a recession? The key is to stay invested. Over the last 100 years, the average economic recession lasted 14 months whereas the average economic expansion lasted 47 months… Do your best to keep your emotions out of the picture and focus on the long-term benefits of staying invested and taking advantage of new opportunities in the market as they appear.

What did you learn from the 2007-'09 recession that can help people overcome the potential upcoming recession? Volatility is normal, so don't let it derail you. Every year and every business cycle has its rough patches. Markets suffered double-digit declines in more than half of the last 42 years… but despite the many pullbacks, roughly 75% of those years ended with positive returns. Defining an appropriate time horizon and implementing a thoughtful and strategic plan helps investors weather volatile periods instead of reacting emotionally.

What are your top five tips for goal setting for your best financial success?

1. Periodically review your portfolio.
It's important to review the risk you're taking to achieve each goal and reaffirm its purpose at least once a year. Do you want it to meet your lifestyle needs? Fund college tuition payments? Earmark for the next generation? Planning a second home purchase? Such considerations will inform the adjustments you may need to make to your portfolio.

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2. Check your 'liquidity bucket.'
In major economies across the world, household savings are historically elevated, and many high-net-worth individuals are holding more cash than they probably need. It is wise to have cash on hand for near-term expenses and as a psychological safety net… If your situation allows, we generally suggest holding enough for a couple years' worth of living expenses plus any near-term large expenditures.

3. Plan on living a long time.
Average life expectancies in the U.S. continue to increase. Working-age individuals today should plan for living well beyond the current averages—to age 95 or even 100.

4. Set up the year's charitable giving.
Look at the donations you made last year to help you organize your giving this year. Dollars will be tighter with the market pullback and higher inflation, so you might need to prioritize your charitable goals for the year. Additionally, it's important to assess how the timing of your donation might affect your tax situation.

5. Make sure you and your family are cyber safe.
As more of our financial life is handled online, the dangers of cyber theft and fraud grow. Start the year by changing all your passwords and set a calendar reminder to change these passwords at least two more times in the coming year. Other important steps to take include removing all of the apps from your devices that you do not use, add anti-virus and ad-blocking software on all your devices, utilize a password manager for simplicity, and remember to use multifactor authentication whenever you can.