



# FINANCIAL PREPAREDNESS

*"One of life's most painful moments comes when we must admit that we didn't do our homework, that we are not prepared." ~ Merlin Olsen*

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## Existential Overhead

The last week of the year is my favorite. Other than a few tasks that have to get done by the end of the year (for me, this includes taking required minimum distributions from clients' traditional IRAs), most people are in quasi-vacation mode, enjoying the post-Christmas buzz in their pajamas while the weather is often socked in with a thick, cold fog for days at a time.

It's a great time to shop the many sales, which includes the one in the stock market. You see, a lot of investors sell the securities in their taxable accounts that have had large declines in order to realize a capital loss that they can apply against their realized capital gains (and then against ordinary income, up to \$3,000 per year). Generally, a good strategy is to buy the stocks that have declined the most that year at the end of the year because sentiment and expectations are usually very low, and the price is probably artificially low due to tax loss harvesting.

In recent years, I have designated the last week of the year as a time to reduce existential overhead. Let me explain. The human brain prefers resolution. It doesn't like tasks or situations that are incomplete or unresolved. That's why your brain gets a little dopamine hit each time you check off a task as complete in your day planner.

The human brain works a lot like a computer. Both have long-term storage (for a computer, its hard drive) as well as temporary storage (for a computer, random access memory, or RAM). RAM allows for fast retrieval but it's not the best place to store thoughts and things you need to remember, because unlike the virtually unlimited storage space on your hard drive, the size of your RAM is fairly limited. It requires a lot of mental energy to constantly remember and juggle all of the thoughts in your brain's RAM (which are a prime example of *existential overhead*). And if your RAM is full of dozens of thoughts you're trying to remember, that leaves little to no RAM for new thoughts.

Therefore, I use the last week of each year to reduce existential overhead so I can start the new year with as little mental clutter as possible. If you'd like to try this, here's where I would start. First, write down everything you need to, should or would like to do (either once or recurring), including any new habits you'd like to start. Then write down any ideas or things you need to remember. This will get all of these thoughts out of your head and immediately free up a lot of RAM.

If you can perform a task in just a few minutes, go ahead and do it. If you can't, you need to assign it to either your task list for today, this week, this month, or sometime in the future (I use [ToDoist](#) for recurring and "sometime in the future" events). See the issue about [daily planning](#) for how to do this. For notes, ideas and things I need to remember, I use [Notion](#), but your data is not encrypted.

Here are some other ways to reduce existential overhead:

- Close open tabs on your web browser, which should significantly improve your computer's RAM and/or processing power (on a Mac, you can use Activity Monitor to check this). If you use Safari, you can install the Tab Count extension to see how many web browser tabs you have open. Currently, I have 123 tabs open across two windows! Yes, I desperately need next week to declutter.
- Remove unnecessary old voice mails and text messages from your phone.
- Process email and remove messages from your inbox. If you haven't done so already, start working on a system that automatically helps you manage your incoming messages. Apple Mail has some powerful tools under Preferences > Rules.
- Finish any books you've started reading (I have several dozen of these). Organize the books you own and your wish list (I recommend [LibraryThing](#)).
- Clean up your house (one room at a time), which should make you happier and more at peace; it's also a great form of exercise.
- Finish any unfinished household projects.
- Schedule any necessary medical appointments (annual physical, dentist, colonoscopy, dermatologist, etc.).

- Process receipts and balance your bank and credit card statements. Pay bills. Project your cash needs for the next quarter.
- Go through your house and look for things that you should get rid of, especially if it will help to reduce clutter.
- Start thinking about next year: your goals or [intentions](#), word(s) of the year, habits, plans, scheduled reviews. How will you keep track of your appointments, tasks, habits, notes, ideas, etc? How will you get good nutrition, exercise & movement, socialization, rest & recovery, sunshine? What will you do to ensure that you live consciously and deliberately, so that you live a fulfilled life with no regrets?

## News Items

[Big Changes to IRAs and 401\(k\)s Move Ahead in Congress](#): Wow, isn't that generous of Congress to do this? But "...[postponing distributions] could expose them to higher tax bills in future years. That is because when required distributions start, account owners will have to withdraw more money annually over a shorter time period that matches their life expectancy...." And it means more money and power for woke asset managers like Blackrock, Vanguard and State Street: "Brokers, asset managers, 401(k) record-keepers and insurers are likely to benefit from these measures, because the more money that is saved in retirement accounts, the more money they make from fees. The financial services industry lobbied for the package." Congress is fattening up the pig (retirement plans) for slaughter. Mark my words, they are coming for the assets in your retirement plans, slowly at first, then suddenly and all at once. By then it will be too late for you to withdraw the money and spend it yourself. Politicians have their money in taxable accounts, not in retirement plans.

[Luddite Teens Don't Want Your Likes](#)

## What You Should Be Doing Now

Stay warm (hopefully you're prepared for winter weather), enjoy time with your family, check out those sales (including stocks) and reduce existential overhead.

[Newsletter Archive](#)

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I would love to hear from you! I thrive on feedback from readers. If you have any comments, suggestions, insight/wisdom, or you'd like to share a link to a great article, please [email me](#).

Generally, I don't have time to answer questions about your specific situation, but if you have a general question that I think other readers also have, [let me know](#) and I will provide an answer in a future issue.

Feel free to forward this to a friend. If you would like to subscribe (it's free!) or unsubscribe, [email me](#) with either “subscribe” or “unsubscribe” in the subject line.

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