

# What is Financial Planning?

*Not everyone needs a financial planner , , , but everyone needs a financial plan.*

**Financial Planning** is about more than investing. It is about managing your life.

**Financial Planning** may sound like something for rich people with a lot of money or for big-time stock and bond investors ... but it's not. Financial planning is about life. It is about determining your goals and figuring out how to use the financial resources you have in order to reach your goals. It is about accomplishing your tasks.

- **Financial Planning** is the process of wisely managing your finances so that you can achieve your goals and dreams – while at the same time helping you negotiate the financial barriers that inevitably arise in every stage of life.
- It is a *process*, not a product.

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Controlling Spending  
Reducing Taxes  
Increasing Savings  
Paying for College

Retiring Comfortably  
Managing Credit  
Buying a House  
Estate Planning

Protecting Family & Assets with  
Insurance

## The Financial Planning Process

Just as there are systematic steps for planning a task, there are systematic steps for planning your finances. It is not something you are born with; it's something you can train to do, and do well. Here is one system. You will find tables at the back of this booklet to help you organize your information.

**Gather Information:** Pull out your Earnings Statements, your bank statements, credit card bills, mortgage papers, credit report, everything that has anything to do with your income, spending and debts.

**Determine Your Goals:** Now think about where you want your life to go short term, say one to five years, and long term, from six years to forever. Be specific in terms of what you want by when. "I want to buy a house" or "I want to be rich" are not goals, they are daydreams. And write down your goals – that makes them more real.

**Assess the Situation:** Now look at the information you gathered with a critical eye. How does your income compare to your spending? What are you spending your money on? Are you saving enough? Do you have too much debt, or the wrong kind of debt?

**Create an Action Plan:** Take your analysis of where you are, compare it to your goals describing where you want to go, and figure out how to get from point A to point B. Create a new spending plan that embodies better spending and savings habits.

**Execute the Plan:** A plan that isn't executed is useless. To keep yourself motivated and moving towards a call for action, draw up a realistic time table within the first week of working on the action plan. Commit yourself to following through and sticking to it. If there is someone that can help keep you accountable to this, be sure to bring them into the execution of the plan.

**Monitor the Plan:** As you follow your plan, keep an eye on changing circumstances and make adjustments as needed. A new job may let you boost your savings rate. An unexpected crisis may force you to push back some goals. This is a time to be completely honest with yourself and your financial habits.

*Helping You Take Control of Your Financial Life*