



Make Financial Planning Work for You and Your Family

By Michael Collie, CFP®, CFPN Certified™, Contributing Writer
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Probably the greatest mistake you can make with regard to financial planning is to ignore it completely or procrastinate for so long that you think the opportunity to do some financial planning has passed you by. While it is true that the younger you start planning the more beneficial the process will be, financial planning is worthwhile at any age.

Most people put off thinking about financial planning because of misperceptions about what the process involves or whom it can benefit. As part of its public education efforts, the Certified Financial Planner Board of Standards (CFP Board) surveyed CFP® professionals about mistakes people make when approaching financial planning. The survey showed the public's most frequent mistakes included:

- Failing to set measurable financial goals.
- Making a financial decision without understanding its effect on other financial issues.
- Confusing financial planning with investing.
- Neglecting to re-evaluate a financial plan periodically.
- Thinking that financial planning is only for the wealthy.
- Thinking that financial planning is only beneficial as you get older.
- Waiting until a money crisis occurs to begin financial planning.
- Expecting unrealistic returns on investments.
- Thinking that using a financial planner means losing control.
- Believing that financial planning is primarily tax planning.

How to Make Financial Planning Work For You

To avoid making the mistakes listed above, realize that you are the focus of financial planning. The results you get from working with a financial planner are as much your responsibility as they are those of the planner. To achieve the best results from your financial planning engagement, consider the following advice:

Set measurable financial goals. Set specific targets for the results you want to achieve and when you want to achieve them. For example, instead of saying you want to be "comfortable" when you retire or that you want your children to attend "good" schools, quantify what "comfortable" and "good" mean so that you and your financial planner can manage your progress toward achieving these goals.

Understand the effect of each financial decision. Each financial decision you make can affect several other areas of your life. For example, an investment decision may have tax consequences that are harmful to your estate plans. Or a decision about your child's education may affect when and how you meet your retirement goals. Remember that all of your financial decisions are interrelated.

Re-evaluate your financial situation periodically. Financial planning is a dynamic process. Your financial goals may change over the years due to changes in your lifestyle or circumstances, such as receiving an inheritance, marriage, birth, house purchase or change of job status. Revisit and revise your financial plan as time goes by to reflect these changes so that you can stay on track with your families long-term goals.

Start planning as soon as you can. Don't delay your financial planning! People who save or invest small amounts of money early and often tend to do better than those who wait until later in life. Similarly, by developing



good financial planning habits, such as saving, budgeting, investing and regularly reviewing your finances early in life, you will be better prepared to meet life changes and handle emergencies.

Be realistic in your expectations. Financial planning is a common-sense approach to managing your finances so that you can reach your life goals. It cannot change your situation overnight; it is a lifelong process. Remember that events beyond your control, such as inflation or changes in the stock market or interest rates, will affect your financial planning results.

Realize that you are in charge. When working with a financial planner, be sure you understand the financial planning process and what the planner should be doing. Provide the planner with all relevant information on your financial situation. Ask questions about the recommendations offered to you, and play an active role in decision-making.

Successful financial planning offers many rewards in addition to the obvious ability to meet your family's life goals. When CFP professionals were surveyed about the most significant benefit of financial planning in their own lives, the top answer was "peace of mind." There are few benefits in life greater than this. Start planning your family's future today!

Michael Collie is a Certified Financial Planner™ and president of Collie Financial Planning, Inc. (www.colliefp.com), a Fee-Only financial planning and investment advisory firm located at One Town Square Blvd, Suite 346, in Asheville. He can be reached at mcollie@colliefp.com or (828)654-8830. Collie is a member of the Christian Financial Professionals Network and the Financial Planning Association. Portions of this article were excerpted from the CFP Board's brochure, "What You Should Know About Financial Planning." To receive a free copy of this brochure, contact the CFP Board toll-free at 888-CFP-MARK or visit www.CFP.net. Founded in 1985, the CFP Board is a nonprofit certifying organization that owns the CFP certification marks and benefits the public by fostering professional standards in personal financial planning.