

# 6 AREAS OF FINANCIAL PLANNING



# 6 AREAS OF FINANCIAL PLANNING

1

## STATEMENT OF FINANCIAL POSITION

This is also referred to as Cash Flow Planning and is the basis of financial planning. This includes budgeting, financial forecasting, understanding your net worth, income, expenses and debt management. It's the basis of financial planning so you can understand your overall financial picture.

2

## PROTECTION PLANNING

This is also referred to as Risk Management or Insurance Planning and is often done after Cash Flow Planning. It helps to understand what protection strategies you may need now before focusing on the future in the other four areas. This includes life, disability, health, vehicle and property insurance to name a few. Depending on your stage in life, your insurance needs (risk management needs) will change and evolve.

3

## RETIREMENT PLANNING

Once you understand your resources and protection strategies, it's important to start building your plan for retirement. This is also referred to as Income Planning when you are already retired. This is commonly the cornerstone and most important part of planning for the clients we work with. This includes Social Security planning, Medicare planning, income planning and goal setting. It involves using your cash flow and financial position along with reasonable assumptions to make forward projections about your future and then turning the resources you have into income streams to live from.

4

## INVESTMENT PLANNING

After retirement planning you will want to take a look at how your assets are allocated and create a plan to manage them. This includes asset allocation strategies, diversification and understanding your risk tolerance. Then create a plan for managing your investment strategies and risk in alignment with your retirement planning goals.

5

## TAX PLANNING

Tax Planning is not only done after Investment Planning but also plays an important role in every area of planning. The following is a cliché saying, "It's not what you make but what you keep." We think this sums up the focus of this planning work. It involves reviewing your tax return and creating strategies to minimize tax burden not only now but in the future. Be careful not to be too focused on this planning because as another cliché goes, "You can't let the tax tail wag the dog."

6

## ESTATE PLANNING

Often the last step for many clients is deciding who you want your money to go to after you die and strategies to maximize your impact. We find a lot of clients want their wealth to transfer to their Cha-Cha-Cha; their children, church or charity.