

Financial planning: Why having a plan makes all the difference

Since starting my own practice as an independent, fee-based advisor, I've been able to help clients create individual, custom-designed financial plans. I play a role in helping people live their lives to the fullest since, once people have their financial bases covered, they are free to pursue their dreams and live richly.

What is your financial plan?

One of the most rewarding facets of my work is collaborating with clients to create a financial plan. There's an old saying, *"If you don't know where you're going, any road will take you there."* That's true with finances, too.

Having a financial plan is your map to help you take charge of your money instead of your money being in charge of you. It creates a plan to reach goals like having enough money for college tuition or retirement income. It allows you to focus on using skills you love and being engaged in projects you love, knowing that your financial needs are met. Understanding your finances and how all the pieces fit together creates the freedom to uncover dreams and make them come true, whether it's living in Europe for a year while the kids are in college, owning a vacation house by the sea, traveling, or pursuing a passion to make the world a better place.

When it comes to financial planning, there are some very important questions:

- What do I want to do with my life?
- If I were on my deathbed looking back at my life, what would I see as the most important things I ever did?

- What do I want to be remembered for?
- What do I need to do to maximize my abilities, stay challenged, make a difference, and live my life to the fullest?
- What are my dreams?
- What are my values about money?
- What would it take for me to feel financially secure?

I know from personal experience how having a plan makes a difference. In 1998, my husband Jeff and I decided we wanted to learn French and live in Paris for a year in 2008. We created a plan and started investing for our goal. As time passed, we had children, they started school and as our careers progressed, we realized our goal had changed. Instead of living in Paris for a year, we decided to go to France for six weeks to study French and stay there long enough to feel like we lived there, without giving up too much connection to our life here. We had two fabulous adventures in France in 2004 and 2006. Although we changed our goal a little, we had these rich experiences as a family because we made a goal and started saving.

How I facilitate financial planning

The financial planning process starts with an in-depth exploration of your goals and dreams. Next, using the Myers-Briggs Type Indicator, we look at the psychology of money and the impact personality type has on investing preferences and attitudes. It's fun and interesting to gain insights into your personality, values and your relationship with money.

Once we are clear about the path you want to follow, I create a written plan outlining how to achieve your goals. As part of this step, we look at risk management to make sure your plan doesn't get derailed by unexpected life events. You want to be sure you'll be financially secure, no matter what.

The last step of the process is implementation. This isn't just theoretical — we have to put the plan into action to make it a reality! That may include rebalancing investments to make sure they are optimized for the best return with the least amount of risk.

It's also important to monitor your plan each year. Just as our plan to live in France changed, your plan may need some adjusting. A yearly review can make sure you stay on track as your needs and goals change.