

Pursuing the future you envision

Create a financial plan



By providing an integrated view of your personal and financial goals, a plan can help you see where you are today and provide ideas on how to pursue the future you envision.

Trying to accomplish your wealth management goals without a current financial plan is like trying to navigate without a map: you may arrive late or even miss your destination. By providing an integrated view of your personal and financial goals—not just your investment portfolio—a plan can help you see where you are today and provide ideas on how to pursue the future you envision.

Analyze your net worth

A good financial plan starts with a calculation of your net worth, which is essentially a tally of current assets and liabilities. This is also the first step in helping to ensure our approach is thorough and organized. For example, you may find assets that could be consolidated, such as “orphaned” 401(k) accounts at former employers. It’s important to note how your assets are held, whether in your name alone, jointly (with a spouse/partner, child, etc.) or even in a trust. The plan may also help you evaluate opportunities to repay or restructure your liabilities and set up a plan for managing that side of your balance sheet.

Quantify your cost of living

When planning for your future, it’s important to know whether or not you’re saving and investing appropriately toward your retirement lifestyle goals—and also for the possibility of unforeseen events. If you keep a budget of your current expenses, you can begin by reviewing what goes out on a regular basis. Look at other planned expenses, and then begin to consider what your future costs might include, such as healthcare for yourself or eldercare for an aging parent. If you aren’t sure of your current budget, don’t worry; make a thoughtful estimate. It can be adjusted later.

Establish or bolster an emergency fund

Your emergency fund should cover at least six months’ worth of necessary expenses. Keep the fund in a safe, liquid form, such as assets in a bank account, money market account or short-term certificates of deposit.

Review your asset allocation

With your investment objectives and risk tolerance in mind and a thorough picture of your assets and liabilities, it is time to update your investment strategy so that it allocates assets across various asset classes and seeks to take advantage of opportunities in the market at a given time. And as your needs change or the market moves, your investment approach should be adjusted accordingly.

Protect your assets

Many people neglect to adjust insurance coverage as their lives change:

- If you've recently completed home improvements or renovations, update your homeowners' insurance policy to reflect your home's increased value, and check that you have adequate umbrella coverage to protect against possible litigation in case of accidents.
- If you've had a child or experienced an increase in salary or compensation, check the level of income replacement on your life insurance and disability policies. One rule of thumb suggests you should plan to replace five to seven times (or even 10 times) your annual salary, but much depends on your lifestyle, family size and income.
- Long-term disability insurance is also important if you're relatively young. You could experience severe hardship if you cannot work due to illness or an accident. Review your disability coverage to make sure your current coverage meets today's needs.
- If you're over 50 years old, consider buying long-term care insurance now while you're healthy, as these policies can become more expensive once you retire. Also, explore policies that include inflation protection to account for rising healthcare costs in the future.

Update important documents

If anything significant has changed in your life—such as a new child or grandchild, marriage or divorce (yourself or your children) or receipt of an inheritance—be sure to update your personal documents, such as your will or trusts, living wills or powers of attorney for property or healthcare. It's also wise to regularly review beneficiary designations on retirement accounts and insurance policies. Work with a Financial Advisor and an attorney to update these documents. Remember, with a solid plan in place, it's easier to feel more confident about your future.

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