

## Understanding the Financial Planning Process

The first time you step on to the financial planning playing field, you may feel a bit unsure about the process. However, with a little bit of insight into how financial planning works, you'll be able to make the entire process a productive one. Here's a quick guide that will help shed some light on what you can expect.



**Goal setting.** One of the first steps of the financial planning process is to determine your goals. Where do you see yourself financially in 1 year, 5 years, 10 years, or even 25 years? Do you want to ensure a comfortable retirement? Do you need to start saving for your child's education? Do you want to minimize the effect of estate taxes on your assets? These are the types of questions that can help you formulate your goals. This is where a financial professional can be a big help. A financial professional will ask you probing financial questions that will spark your thinking and get you to address your wants and needs.

**Fact finding.** Once you have set some goals, you need to figure out where you stand financially. Gathering important financial information can be a difficult task. Right from the start, your biggest problem may be figuring out what information is necessary to the development of your financial plan. Your financial professional can help you sift through the myriad of documents and account statements and help you determine your current financial situation.

**Your plan.** Once your financial facts have been reviewed, it is time to establish a course of action for achieving your goals. A typical financial plan may list all or some of the following information, depending on your objectives:

- Overview of your goals.
- Current financial statement showing assets and liabilities.
- Description and values of all investment holdings.
- Description and values of retirement plan assets.
- Insurance audit and needs analysis.
- Estate planning analysis.
- Specific recommendations.

**Putting things into motion.** Upon review of your financial plan, it is time to take the necessary steps to help you reach your goals. This can involve a number of things, such as: purchasing securities; repositioning assets; increasing insurance coverages; or establishing a regular savings program. At this point, some additional decisions may also need to be made regarding debt consolidation or home refinancing.



**Regular reviews.** After your financial plan is set into motion, it is important for you and your financial professional to periodically review your affairs. It is likely that your needs and goals will change over time. Thus, continual reevaluation of your finances will help you ensure your plan is up-to-date and working towards meeting your current goals and objectives.

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