

Rodger on Retirement

The inherent risk in a financial plan

Many in the professional investment community would take the position that there is no risk in a financial plan. After all, a financial plan is developed to provide a road map to take you from point A, where you are today, to point B, where you wish to be in the future. They would argue quite logically that there is more risk in not having a plan, than in having one. All this becomes academic when I disclose that the risk I am referring to is if that financial plan is *not followed*.

I have met many people during my career who have paid significant sums of money to have a comprehensive financial plan created, only to have the plan sit in a fancy binder on their shelf with no actions taken.

Make no mistake; a comprehensive plan involves a significant commitment of time, on the part of the client as well as the planning team. I have found that families that have a plan are much more likely to achieve their financial goals than families with no plan. The planning process causes a change in thinking, so that the client begins to consider numerous aspects of their financial life that quite simply, never occurred to them before. After all, the ultimate goal of any financial plan is to attain clarity in your financial life.

Unlike military planning, financial plans are very useful in directing a course of action where no course currently exists.

We are all familiar with the famous quote below:

In preparing for battle I have always found that plans are useless, but planning is indispensable.

Dwight D. Eisenhower

Here are some of the important aspects of a financial plan that you may be unaware of:

- How you will build up your retirement nest egg
- Determining your financial goals
- An assessment of your current insurance programs
- A plan to manage and eliminate your debt
- Determining the level of risk that is appropriate for you
- Identifying and recommending the proper investments to reach your objectives
- Tax planning
- Liquidity, cash flow and emergency fund planning
- Education planning
- Building your wealth
- Catastrophic healthcare planning
- Business succession planning

- Transferring your wealth - estate and beneficiary planning
- Preserving your wealth
- Retirement income planning
- Monitoring your progress over time
- Revisiting the plan periodically and updating it as necessary

The components of a financial plan, as shown above help you see just how comprehensive a plan can be. I think you would agree that the one of the biggest financial risks in your life is not going through the planning process, or worse, go through the process and not implementing the recommendations.

Rodger Alan Friedman has over three decades of experience designing and managing retirement portfolios and advising clients on retirement matters. For additional information and a free special report on preparing for retirement, please call 1-844-3-MY-PLAN or visit my website:

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*Opinions expressed are those of Rodger Friedman. You should discuss specific tax or legal matters with the appropriate professional.