

Rodger on Retirement

Complex lives have complex financial plans

When my team and I begin comprehensive financial planning for a new client, we often hear the phrase “our lives are somewhat complicated”. I would doubt that anyone would think they needed a comprehensive financial plan if their life was simple. The fact is, that if you are successful in today’s society, that success is often built on complexity.

It is normal that in the initial discovery process, we find multiple 401(K) plans from 3 or 4 past employers, along with a number of IRA accounts held at various financial institutions. Also not uncommon is finding over 20 mutual funds, a smattering of common stocks and oddball accounts with no memory of why they exist. We find 6 to 7 bank accounts with very low balances, credit union accounts forgotten about, and U.S. series EE savings bonds that have long ago stopped paying interest.

We find IRA accounts with ex spouses remaining as beneficiary. This also applies to old life insurance policies and annuities. I am certain that some current spouses would be surprised to find their husbands ex receiving a 6- figure payout because a document had never been reviewed or updated.

Comprehensive financial planning seeks to create order out of disorder. The planning process includes a wide variety of issues, such as:

- Budgeting
- Net worth statement
- Cash management
- Retirement planning
- Beneficiary reviews
- Educational planning and college savings
- Estate documents and plan review
- Portfolio analysis and recommendations
- Asset allocation
- Life insurance review and planning
- Review of all insurance policies

As you can see from the above list, when a planner refers to the word *comprehensive* it is an accurate description. The time commitment involved for both the planning team, as well as the client is substantial. For this reason, the plan is divided into step-by-step projects, so as not to overwhelm the client. The plan can normally be completed over a period of months, generally not to exceed a year.

We are all familiar with the story of the client of the CPA walking in with a shoebox full of receipts. Likewise, I have seen my fair share of new clients walk in with shopping bags full of financial statements. The scary part is that many of the envelopes containing statements have never been opened.

One of the most rewarding parts of the process is the look on the clients face when they realize that financial disorder has yielded to order and organization and that they have a handle on all aspects of their financial life.

Those that have completed the process of comprehensive financial planning take pride in the fact that they have done their part to protect their loved one and to provide for their family when they are gone.

As one who has completed the process personally, I rest easier in the knowledge that I have taken appropriate action to protect my family.