

October Is National Financial Planning Month

Saving is a great start, but planning to reach your financial goals is even better.

Are you saving for retirement? Great. Are you planning for retirement? That is even better. Planning for your retirement and other long-range financial goals is an essential step – one that could make achieving those goals easier.

Saving without investing isn't enough. Since interest rates are so low today, money in a typical savings account barely grows. It may not even grow enough to keep up with inflation, leaving the saver at a long-term financial disadvantage.

Very few Americans retire on savings alone. Rather, they invest some of their savings and retire mostly on the accumulated *earnings* those invested dollars generate over time.

Investing without planning usually isn't enough. Most people invest with a general idea of building wealth, particularly for retirement. The problem is that too many of them invest without a plan. They are guessing how much money they will need once they leave work, and that guess may be way off. Some have no idea at all.

Growing and retaining wealth takes more than just investing. Along the way, you must plan to manage risk and defer or reduce taxes. A good financial plan – created with the assistance of an experienced financial professional – addresses those priorities while defining your investment approach. It changes over time, to reflect changes in your life and your financial objectives.

With a plan, you can set short-term and long-term goals and benchmarks. You can estimate the amount of money you will likely need to meet retirement, college, and health care expenses. You can plot a way to wind down your business or exit your career with confidence. You can also get a good look at your present financial situation – where you stand in terms of your assets and liabilities, the distance between where you are financially and where you would like to be.

Last year, a Gallup poll found that just 38% of investors had a written financial plan. Gallup asked those with no written financial strategy why they lacked one. The top two reasons? They just hadn't taken the time (29%) or they simply hadn't thought about it (27%).¹

October is National Financial Planning Month – an ideal time to plan your financial future. The end of the year is approaching and a new one will soon begin, so this is the right time to think about what you have done in 2016 and what you could do in 2017. You might want to do something new; you may want to do some things differently. Your financial future is in your hands, so be proactive and plan.

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Citations.

1 - gallup.com/poll/184421/nonretired-investors-written-financial-plan.aspx [7/31/15]