



TOP REASONS MOST FINANCIAL PLANS FAIL



WISER WEALTH
MANAGEMENT

WHY DO FINANCIAL PLANS FAIL?

According to a Hearts & Wallets survey of 5,794 U.S. households, the benefits of having a written financial plan are clear. The research found that Americans who have a financial plan enjoy increased savings, better asset allocation, more confidence in financial decision-making, and more balanced portfolios, along with other financial wellness metrics.

However, other studies show that many families with financial plans fail to implement the recommended changes.

This gap between planning and implementation is costing families the financial success they are looking for; however, it may not be entirely their fault.



“There is no magic in magic, it’s all in the details.”

WALT DISNEY

WHAT IS FINANCIAL PLANNING?

Financial planning can come in all different shapes and sizes. Even comprehensive financial planning can mean many things to different firms.

Ultimately, a quality financial plan should consist of retirement planning, tax planning, estate planning, risk management, investment management, and educational planning. It is important to note that two different advisors could put together two very different plans.

The best plan is one that is put together over a series of meetings, taking the time to get to know and understand the client's goals. Every plan should end with clear financial goals and the action items needed to achieve those goals. Then the advisor should have regular check-ins to see that the client is meeting their own goals.



"Most people don't plan to fail they fail to plan."

JOHN L BECKLEY

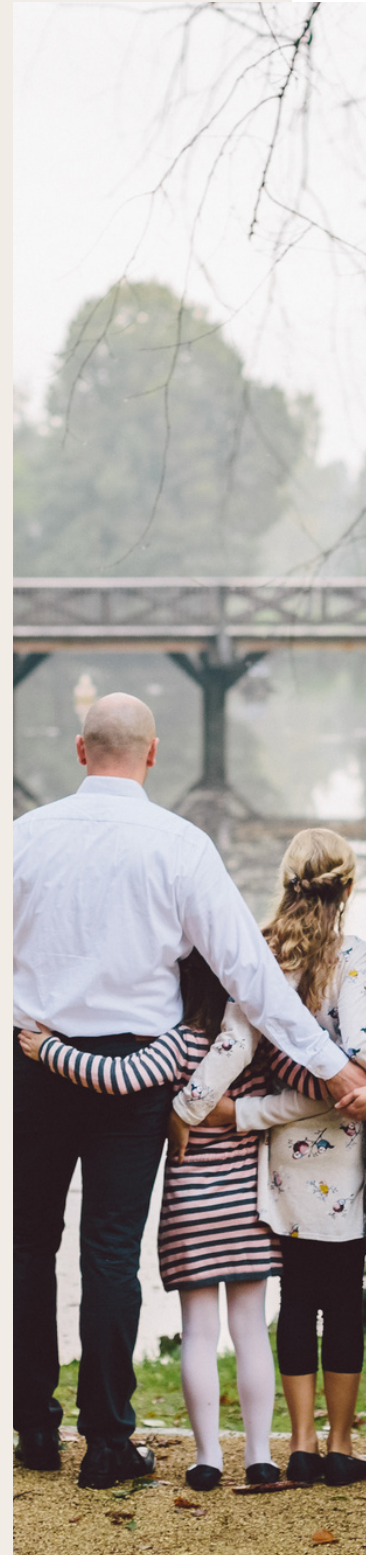
COMPONENTS OF FINANCIAL PLANNING

1. **Retirement planning** is looking at your retirement income and expenses. Can you make it to age 95 without running out of money? When should you start taking that pension or social security? How you allocate funds within your retirement accounts is also part of this process.
2. **Tax planning** involves your retirement withdrawal plan. When do you withdraw from Roth accounts vs IRAs? Should you convert funds from an IRA to a Roth? Do you save for retirement pre-tax or post-tax income?
3. **Estate planning** is taking care of your assets (and family) after you are gone. Every family should have at least a Will, Power of Attorney, and Medical Directive executed that matches their overall plan.



COMPONENTS OF FINANCIAL PLANNING

- 4.** **Risk management** is an important section of a comprehensive financial plan. If an incident occurs that you are liable for, do you have the proper protection? Are your homes, cars, boats, motorcycles, and property covered for liability? If you were to die, can your family financially carry on with its goals? If you were disabled, can you get your bills paid?
- 5.** **Education planning** is helping the next generation to be self-sufficient and build on your legacy.
- 6.** **Investment management** is the growth engine that you build your future on. From traditional investments, real estate, and business development, how are you building wealth?



YOU MAY NOT HAVE A REAL PLAN AT ALL...

Most financial advisors are not really financial planners, they sell financial products but sound like financial planners. This confuses the consumer as regulators have never gone far enough to separate the salespeople from the real advisors.

To make it more confusing, the CERTIFIED FINANCIAL PLANNER™ certification or CFP® is also obtained and used by financial advisors not really doing real financial planning. If a planner is compensated for selling products like mutual funds and insurance, then their financial planning process is most likely built to discover more ways to sell products.



Important Tip

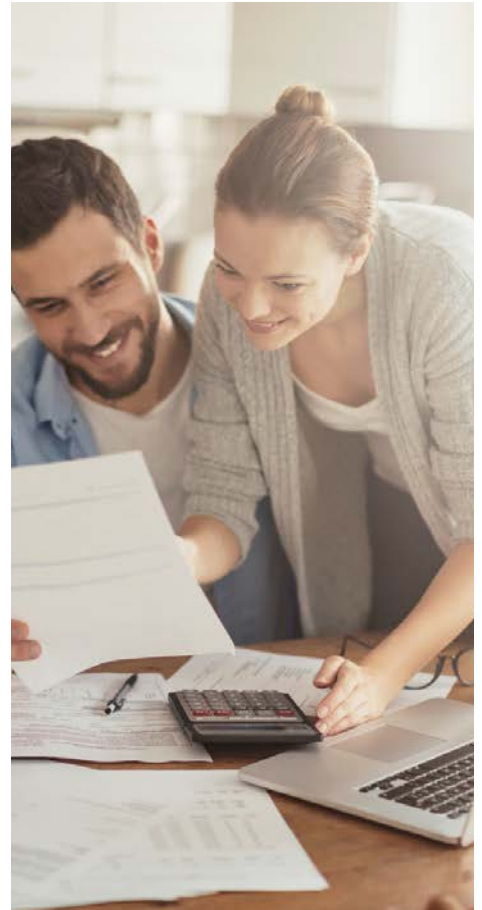
Real financial planning/advice is best found at firms that are fiduciaries (working in the best interest of the client) and fee-only (not selling any products). Fiduciary and fee-only firms are much easier to find now vs ten years ago.

A new client at our firm tried to explain that his prior advisor had already done his financial plan. I asked how long it took and he responded 20 minutes. A twenty-minute plan is a time value of money calculation, not a financial plan.

5 WAYS FINANCIAL PLANS CAN DERAIL:

1. Not Sticking to Your Budget

Creating a budget is always easier than sticking to a budget. Budgeting, simply put, is knowing your expenses and where each dollar goes every month. This can seem tedious at times, but it can benefit you long-term, especially when you have less to live on in the future. There are a lot of budgeting apps available to help make it easier. Your bank account may also offer budgeting software built-in to their online platform. Keeping track of what you spend your money on daily will help you achieve the goals set forth in your financial plan. At a minimum, you should be focused on what you are saving.



"A budget is telling your money where to go instead of wondering where it went."

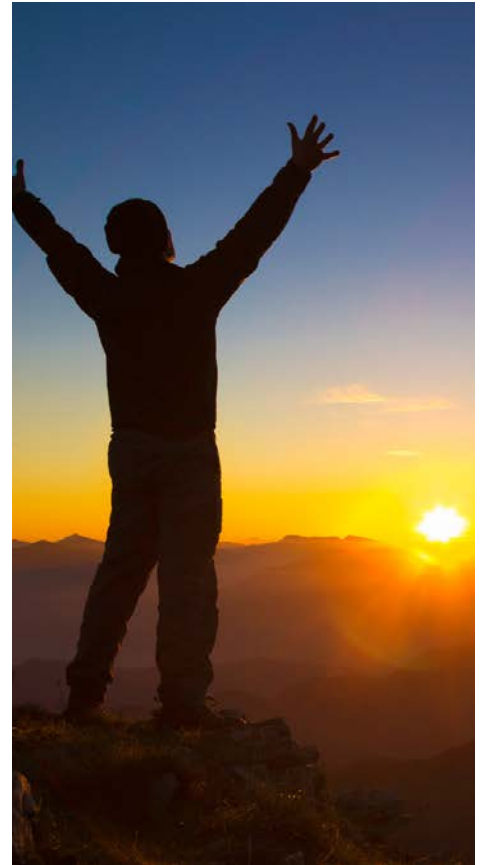
DAVE RAMSEY

5 WAYS FINANCIAL PLANS CAN DERAIL:

2. Having Unrealistic Goals

When setting any goal, a key component is to set achievable and realistic goals. A lofty goal is one thing, but a nearly impossible goal can cripple any plan. Part of our financial planning process is to create achievable goals for our clients.

Our job is to figure out what goals are reachable and then map out a path to reach those goals. Some goals require more discipline than others and when we do yearly plan updates, this gives us a chance to check in on your progress and make any adjustments to your plan if needed.



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"If you don't know where you are going, you will probably end up somewhere else."

LAWRENCE J. PETER

5 WAYS FINANCIAL PLANS CAN DERAIL:

3. Not Preparing for Down Markets

Market volatility is inevitable. Unfortunately, it is part of the cost of investing. There will be highs and lows, and despite what people say, no one can predict the stock market's future. Therefore, a solid financial plan should include down markets in its calculations and projections. Without considering these, your plan can be set up to fail. You don't want your future based on only positive scenarios.



Our financial planning software uses 1000 different market scenarios to calculate your best chance of not running out of money until at least age 95. This gives our clients confidence that their financial plan can last through whatever happens with the stock market.

"Hoping for the best, prepared for the worst, and unsurprised by anything in between."

MAYA ANGELOU

5 WAYS FINANCIAL PLANS CAN DERAIL:

4. Letting Emotions Control Investing

Fear sells. We see this all the time in the news and stock market. Interest rates are rising, bond prices are falling, and inflation is high. All these things are valid reasons to be concerned. But regardless of the latest headlines, our message for any investor remains the same: stay invested and focus long term. Market volatility is inevitable, and it is a sign of a healthy market.



The key is to put your emotions aside, turn the news off and focus on your life. Your investments should represent your risk tolerance, and this should be determined during the financial planning process. Determine the right investment allocation then hold the course, even when you feel like cashing it all in and putting it under your mattress.

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"The investor's chief problem - even his worst enemy - is likely to be himself."

BENJAMIN GRAMAM

5 WAYS FINANCIAL PLANS CAN DERAIL:

5. Failing to Monitor Your Progress

Creating a goal-based plan is great, but you must monitor your progress to obtain those goals. Some years, you might get further away from your dreams, in others, you accelerate forward. But at least once a year, you should understand your progress. This will give you more confidence in your decision-making. Perhaps you wouldn't have taken out that big car loan, or a new mortgage if you realized that it was going to prohibit you from achieving other areas of success.



"When I was growing up I always wanted to be someone. Now I realize I should have been more specific."

LILY TOMLIN

READY TO CREATE A FINANCIAL PLAN?

Now is a great time to get started with the financial planning process. If you have questions about how our financial planning process works, feel free to reach out. All of our contact info is listed below.

If you're ready to schedule a complimentary consultation to speak with one of our financial advisors, you can schedule it on your own by [clicking here](#) or you can call our office.

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