
■ The Value of Professional Financial Planning

Learn how professional financial planning can help you **reduce your money stress** and **safeguard your financial future**.

When you think of all of the ways it affects your life, it's no wonder that money consistently ranks as one of the leading causes of stress for Americans. In the day-to-day, you might have to worry about an upcoming loan payment or an overdue credit card bill, while in the long term many people struggle to balance retirement savings with a child's education fund and an underperforming investment portfolio. Financial planning is a complicated balancing act, and it can be difficult to manage on your own.

Who can benefit from a professional financial plan?

Many people feel that they can handle planning on their own—in fact, 38 percent of America, according to a Deloitte study on retirement planning. And if you have the time, desire and knowledge to do so, you might be right. However, most people are lacking at least one of these things—they find that once they start planning, their financial knowledge is

strong in some areas but not in others, or they are committed to a “do-it-yourself” attitude but simply don't have the time to devote to planning. Some people may just find that they want another opinion or a different perspective on their financial plan.

Because financial planning can encompass so many different areas of your life, it can be **hard to keep both your short-term and long-term goals on track without professional assistance.**

Others look to financial advisors for help after a major life change, such as having a baby, starting a business or inheriting a large sum of money.

Because financial planning can encompass so many different areas of your life—taxes, investments, retirement, money management, insurance, estate planning and more—it can be hard to keep both your short-term and long-term goals on track without a full understanding of how all these areas interact with each other. And that's where a financial plan can be helpful.



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What can professional financial planning offer me?

Many people only think of a financial plan in terms of the tangible things it can offer: an updated will, solid investments, a life insurance policy, etc. While these things are important, the intangibles of financial planning are often what prove to be the most satisfying.

Financial planning helps you to define your financial goals.

Many people come into financial planning with a vague set of money worries, such as “I don’t know if I’ll have enough savings to retire at 65.” A financial advisor can help you turn those worries into clearly defined expectations, such as “I want to retire at age 65 with an income of \$50,000 per year. I want my income to keep up with inflation and to last for the remainder of my life without depleting my principal.” It can be hard to set realistic goals on your own, especially if you don’t know if they’re attainable. Professional financial planning can provide you with the tools to analyze whether these goals are realistic and help you prioritize and monitor your progress toward them.

Financial planning forces you to face your money habits.

By analyzing your financial statements and accounts, a financial advisor can help you highlight areas of strength and weakness. Many people rely on self-monitoring, which often isn’t accurate. Financial planning gives you the objective perspective you need to recognize where you might need to rein in your spending. And financial planning isn’t all about being stingy—it can also help you redirect money you might be needlessly spending

toward a “fun” expense, such as a vacation fund.

Financial planning can help you gain a new perspective.

Enlisting the help of a professional can give you the perspective you need to handle your savings with the best possible financial sense. Especially when it comes to investing, many people move money around due to emotional responses rather than from informed financial decisions. In fact, a recent study by Aon Hewitt and Financial Engines found that the

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median annual return of those who got professional help managing their 401(k) was, on average, almost three percent higher than those who invested on their own, even after taking fees into account. In this case, having a fresh perspective from a financial advisor can help protect you from yourself.

Financial planning can give you the tools to build upon your existing wealth.

There’s no guarantee that a professional financial plan will instantly make you rich—but having an advisor can force you to stop procrastinating and establish an emergency fund, retirement savings and investments. All of these things can help you grow your existing wealth, making you feel more comfortable should a crisis occur.

Financial planning helps you identify areas where you may be taking unnecessary risks.

By evaluating your insurance and estate plan, a financial advisor can help you see if you are in danger should an unforeseen personal crisis hit. Having a thorough, accurate and professionally-reviewed plan can give you peace of mind knowing that your family will be taken care of should anything happen to you.

Financial planning can be emotionally satisfying.

Taking control of your financial life can benefit more than just your bank account. A Canadian survey found that people who did comprehensive financial planning with a professional had significantly higher levels of financial and emotional well-being than those who didn’t plan or who did only limited planning. They felt their financial goals were more on track, their ability to save had improved and their confidence in handling financial uncertainty had increased. Too many people go through life without setting clear financial goals and expectations for themselves, so even if they are making financial progress, they have no way of measuring it. It makes sense that by setting goals and putting yourself in a position to surpass them, you’re giving yourself a better chance at a sense of contentment and achievement.

By safeguarding your future and allowing yourself to achieve more financial contentment, you might even be able to reduce some of your money stress. Planning, in and of itself, implies looking toward the future—so don't let your current financial state discourage you from making an appointment with a financial advisor.

