INTEGRATED FINANCIAL STRATEGIES
Guidance for Life

31884 Northwestern Highway, Farmington Hills, MI 48334
248-932-9329 IFS-LTD.COM

The 7 Myths of Financial Planning

Many people recognize the importance of financial planning today. Yet many still hold misconceptions about who may benefit from financial planning and how it can best benefit them. Here are several of those myths.

Myth #1: Financial planning is just for the wealthy. Financial planning isn't just about "getting wealthy" - it's about helping people at all levels of income pursue their short-term and long-term financial goals. Anyone who wants to take control of their financial life, make good financial decisions and achieve financial independence can successfully use financial planning.

Myth #2: Financial planning is just about investing. Sound investing is certainly an important part of most financial planning. It helps people pursue their goals. But it is only part, and it is not even necessarily the main part. Financial planning takes into account all the varied financial aspects of a person's life: taxes, insurance, retirement, budgeting, estate planning and life goals. It looks at various, sometimes competing financial aspects of our lives, and develops strategies and objectives that make those parts work together efficiently.

Myth #3: Financial planning is just about retirement. Most people want to retire someday, and financial planning can help work towards that goal. But retirement is usually only one of many goals people have in their lives that require money. Families often have children to put through college, a home or new car to buy, a business to buy and run, dream vacations, or the challenge of meeting monthly bills or managing debt. Meanwhile, emergencies and financial crises can divert us from working toward those desired ends. Careful, conscientious financial planning may make many or all those goals happen.

Myth #4: Financial planning isn't necessary until you're older. The older you get without having done any financial planning, the fewer options you have. ***For example, for every ten years you delay savings for retirement, you have to save three times as much a month in order to end up with the same size retirement nest egg.*** Parents wishing to put their children through college shouldn't wait until their children are in high school to start saving. Many estate planning tools become useless or less effective if people wait too long, or, as sometimes happens, death strikes early.

Myth #5: Financial planning requires a big plan. Ideally, any important financial decision you make should be done in the context of your overall financial planning needs and situation. But a qualified, competent financial planner, such as a Certified Financial Planner practitioner, can help you focus on a specific issue, such as how to roll over an individual retirement account or determine if you have an adequate estate plan.

Myth #6: Financial planning is a one-time effort. Financial planning is a lifetime process. Once a plan is in place, it needs to be periodically reviewed and updated. Financial situations and needs change over the years as children are born, people die, jobs are gained or lost, people marry or divorce, inheritances are received. Investments may need to be adjusted in light of changing markets, economies, personal needs and tax laws.

Myth #7: I can get along without financial planning. Yes, if you only want to "get along" in life instead of taking charge of it. Ultimately, that's what financial planning is all about: taking charge of your financial life. Finances, of course, aren't all there is to life. But it certainly plays an important part for most of us. It is found that households with income less than $100,000 – the majority of Americans – save and invest twice as much when they have a financial plan in place, than when they do not. That extra savings and investing is what in many cases is the difference between reaching and not reaching personal goals.

Source: Institute for Certified Financial Planners® (currently known as the CFP® Board of Standards)