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# The Financial Planning Puzzle

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Our financial lives often have many scattered pieces.



A coordinated financial plan provides a framework for achieving financial security.



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# The Need for Financial Planning

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Building a successful financial plan can be confusing. As we construct a plan, we find that our financial lives have many scattered pieces.



## The Pieces of the Puzzle

Some of the financial issues that each of us can expect to face during life include:

- **Cash management:** More than just balancing the checkbook, cash management includes preparing (and following) a budget, using credit wisely, and keeping the income tax burden to the lowest level possible.
- **Risk management:** There is risk of loss of both life and property. Life insurance can be used to protect a family against the risk of premature death. Disability insurance can protect against the loss of a person's ability to earn a living. Property and casualty insurance can protect our worldly goods against accident and such perils as fire, flood, earthquake and theft. Health insurance can help pay the cost of needed medical care.
- **Accumulation goals:** We all need to save money for some reason. Educating our children is one very common goal. Buying a home and building an investment portfolio are two other typical accumulation goals.
- **Retirement:** Taking action today to insure that the later years are as comfortable and worry-free as possible.
- **Estate planning:** Recognizing that death is inevitable and planning for the ultimate transfer of our assets to our heirs.

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# The Need for Financial Planning

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A coordinated financial plan provides a framework for achieving financial security.



## Steps to Achieving Financial Security

Solving financial problems in today's world takes work. Two basic steps are involved:

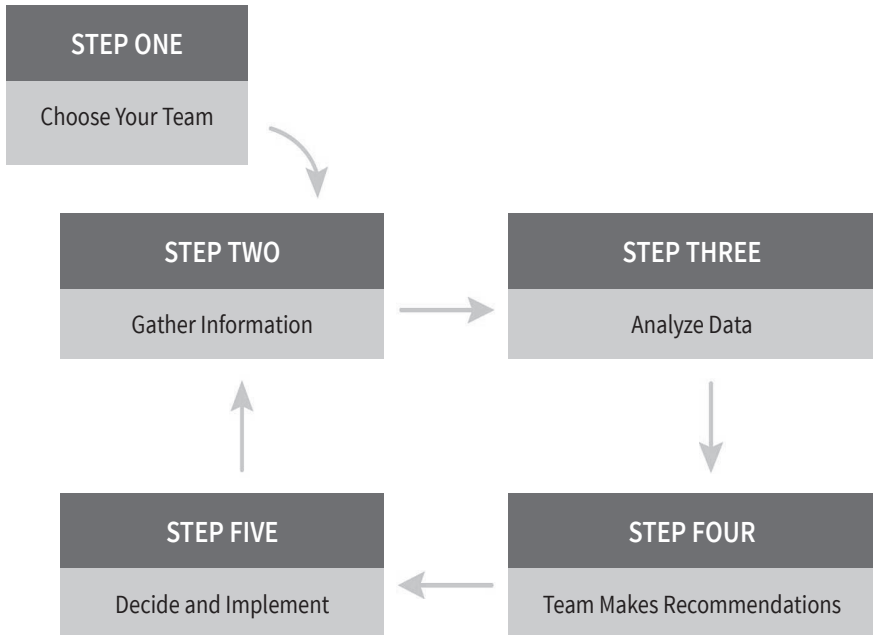
- **Step 1: Choose Your Financial Planning Team:** In our complex, ever-changing world, expert help is needed. Trained specialists such as your attorney, CPA, IRS enrolled agent, life insurance professional, health insurance agent, securities broker, and financial planner are generally members of your team.
- **Step 2: Develop Your Plan:** With the help of your team, the second step can be taken: the development of a systematic, integrated plan for dealing with each of these issues. This is called developing a financial plan.

You can choose to ignore these problems until it is too late. Or, you can take steps to put the puzzle together and achieve your financial security. The most important step is the first one.

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# Basic Steps in the Financial Planning Process

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## The Basic Steps

- **Choose your team:** Choose, as needed, your financial planner, tax advisor, life insurance professional, property & casualty agent, health insurance agent, investment broker, attorney, charitable giving advisor, trust officer, or banker.
- **Gather information:** A completed fact finder serves to list your goals and objectives, shows your assets and liabilities, measures cash flow, and notes the current status of your retirement, estate, and risk management planning.
- **Analyze data:** To determine if current and future needs are met.
- **Team makes recommendations:** Review the suggestions made by your team.
- **Decide and implement:** Select the plan that best fits your needs and goals. As needed, sign essential documents, purchase insurance, and re-allocate investments.
- **Periodic review:** Starting the cycle over. Because the world is constantly changing, many advisors recommend an annual planning review.

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# Choose the Financial Planning Team

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Financial planning is a complex field which covers many areas including investments, education planning, retirement planning, wills, trusts, insurance, accounting, business continuation, and estate, gift, and income taxes.



It would be difficult to find one person who is a trained and licensed expert in all of these areas. Most often, the needed skills and knowledge are available only by bringing together a financial planning team. The various members of your chosen team can then work closely with you to create an estate, to preserve it, and to pass it on to your heirs with the least amount of expense and aggravation.

Potential members of the team may include the following:

## The Captain of the Team

You are the captain of the team. The final decisions must be made by you after carefully reviewing the recommendations of the other members of your financial planning team.

## Financial Planner

Often a member of the team will have special training in financial planning. A qualified financial planner should take a very active part in directing the formation of the overall financial plan.

## Investment Specialist

Investors face a confusing range of investment tools, each with different characteristics and uses. Professional investment guidance is essential.

## Tax Professional

Taxes consume a large part of our income and must be considered in all aspects of a financial plan.

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## Choose the Financial Planning Team

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### Life Insurance Professional

Life insurance contracts differ greatly and are issued by companies with varying degrees of financial strength. A life insurance professional can help you choose a financially strong company, the correct type of policy for your situation, and the correct amount of insurance.

### Property & Casualty Agent

Property & Casualty insurance helps protect the physical assets an individual owns from loss or damage.

### Health and Disability Specialist

Health insurance can pay much of the cost of needed medical care. Disability insurance can help replace lost income if you are unable to work for a period of time. Long-term care insurance aids in paying for needed care if a disability or other severe health problem will continue for an extended period of time.

### Estate Planning Attorney

Most attorneys can draft a basic will. However, one who specializes in estate planning law will be more familiar with the various tools and techniques available to save you and your heirs thousands of dollars in taxes, probate and administration expenses.

### Trust Administrator

If you select a corporate fiduciary (a bank or trust company) as executor of your will or trustee of your trust, you should consider involving them in the development of the estate planning portion of your financial plan.

### Planned-Giving Specialist

Charitable organizations often have planned-giving specialists who are well versed in methods of making lifetime gifts or bequests at the time of death, which can benefit you and your heirs.