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Commentary

“What a Great Gift!”

If you offered to pay for your 40 year-old son and his family’s financial plan, what would he say? Hopefully it’d get a better reaction than a gift of socks or a lovely kitchen cutting board for Christmas, but maybe not as enthusiastic as a Disney cruise would. Yet, we contend it could be one of the most thoughtful and impactful gifts you could give anyone.

- **You Think we’re Kidding:** Nope. Call it a game plan, a roadmap, or a blueprint. You don’t embark on a huge enterprise without trying to figure out how you’re going to approach it. Raising a family, paying for college, and living in retirement are all part of a rather huge and daunting enterprise that lasts decades.
- **There’s a Zillion Calculators for this Online, Right?** There are. Some are way too simplistic, but others may give you a very basic idea of what you need to do. Where they are weak is at plugging in all the possible scenarios of inflation, investment returns, longevity, inheritances, recessions, long term illness, college funding, etc... We’ve found that a very sophisticated software program utilized by professionals trained in its use (us) works really well.
- **In-Depth Planning Takes Time, and There’s a Cost:** A meaningful financial plan is the result of lot of time and training, and you need the best software. We update it, we stay current with our training, and normally spend 15-20 hours working with our clients on the initial plan. We also meet at least annually with them to update their plan. Because the work is complex and time consuming, we charge a fee. A plan offered at no cost might not be as in-depth, sophisticated, and uniquely tailored to specific client needs. And it probably wouldn’t be updated every year.
- **The Process:** A useful plan requires a commitment from the client. Couples talk about things they want to accomplish, from putting kids through college, to vacations, and retirement. It can be eye-opening and fun. We help you with things you might miss, such as inevitable major home maintenance, health care costs, etc., and we gather information on your investments, saving, and spending. Various scenarios over your lifetime are covered, and we assess probabilities for success, possible potholes on the journey, and share concrete steps to make it all work. It’s an interactive process giving you a plan you can actually use.
- **Why this is a Nice Idea:** As parents, we want the best for our kids, and we hurt when things don’t go well for them. One of the biggest worries for couples, especially young ones, is finances. How do I budget, how can I save, *where* do I

save? When couples identify their goals and have a plan to achieve them, they're happier. A great time to tell your son or daughter that you'll arrange this for them is when they get married or have a first child. It may not be a Disney cruise, but a well-executed plan could allow them to afford multiple Disney cruises over a lifetime.

- **Staying a Family:** Incompatibility with finances is one of the top causes of divorce. Perhaps there are no shared goals, maybe one spouse pinches pennies while the other is a spendthrift. There are many reasons. Developing a financial plan encourages couples to establish joint goals and strategies to achieve them, and we-as advisors- promote the discipline to make it all work. It makes for a stronger relationship.
- **We're Saying Knowledge is Power:** You might think if your financial plan indicated you were miles away from your goals that you'd go home feeling pretty defeated. In fact, what happens is –even when couples find their current practices (saving, spending) will leave them short- we develop concrete steps to bridge the gaps, to fill in the potholes. That's power. Ignorance of good financial strategies will always lead to fear.
- **In Bad Times:** 2008-2009, The Great Recession, banks were failing, the housing market cratered, and the stock market lost half its value. It was the worst economic collapse since the Great Depression. But, many of our financial planning clients sat down with us to look at their plans, see the effects of the damage, we discovered that every client who had a plan and discipline was ok. That they'd taken the worst hit they were likely to get in their lifetimes, and their plan would still work.

We work with smart folks, but the interplay between budgeting, saving, investing, paying for new cars and vacations, inflation, etc. can be bewildering to even the smartest of you as you plan your future.

Think about your married son or daughter at a neighbor's barbecue, and the neighbor says "I don't know how we're going to do it. College, summer vacations, saving into our 401(k). It's just too much to even think about." Your son/daughter nods compassionately –all the while thinking- "I believe we have all this covered." Maybe you can help make that happen for them.

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