



MAKING CENTS

FINANCIAL PLAN REQUIRES TIME AND MONEY



-John P. Napolitano, CFP®, CPA, PFS, MST, RLP®

I see people all the time who are quite conversant about one aspect or another of their personal finances, but find themselves confused about how to put the whole puzzle together.

The whole puzzle means coordinating your life dreams and visions with your income, expenses, investments, tax plan, risk management plan, retirement plan and estate plan. Sounds like overkill to some, and perhaps it is if you have no dreams or vision. But even those with a modest financial situation can benefit from some comprehensive planning.

Often it is the investment area that grabs all the interest. This could be because it occupies so much of the headline space when anything interesting or scandalous arises. It could also be that investors feel empowered with all of the great information that is now available for free. Empowered or not, there doesn't appear to be any evidence that the average investor is faring any better now than in the past.

Tax planning is something that many people think you do when you are filing the return once a year. Good tax planning should be a part of all major financial decisions, especially when changing investments or spending on deductible items. The time for good tax planning is early in the tax year. Now is the time to get started for 2010 tax planning.

Insurance is the last thing that anyone wants to talk about - until you can't get it or wish you had more of it because something has happened. You owe it to yourself to review all of your coverage with a competent professional to see what gaps may exist in your risk plan. If the conclusion is that there are plenty of risks, but limited resources to pay for coverage for those risks, then an alternate risk avoidance plan or other asset protection plan may be needed.

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Retirement planning and estate planning are often discussed in the same breath. Not because they are supposed to be, but because many put off the painful discussions about estate planning until they are sick or near retirement. Even today, with estate tax laws in flux and zero federal estate tax, there are plenty of good reasons why you need a solid estate plan.

Another major reason people are intimidated about putting it all together is because it may cost money and it will definitely take time. You may be thinking, "Can't this stuff wait till the fall?"

That's your call. But I wouldn't have written this if it wasn't important.

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