

DEFINING FINANCIAL PLANNING GOALS: START WITH YOUR VALUES

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Notice in the title above, we recommend to start with understanding your core values. It is much too easy to play the comparison game and look at others' circumstances. Goals are key for framing our own roadmap (your financial plan), but keep in mind how often life changes. Even if you recently retired, let's say, at age 65, you still potentially have 20-30 or more years of life (and natural change) that your plan will need to adapt to. Along with your Certified Financial Planner (CFP®), you can re-frame how you think about and define goals for financial planning purposes.

1 Allow your core values to take the wheel first, before establishing goals.

I recently heard a wise comment that financial planning, at its true core, is aligning a person's unique values with their use of capital and cash flow. If we allow our values to take the wheel in the driver's seat in perpetuity, our goals will naturally align. Very often, we encounter two extremes with clients and their goals. Either, we are so culturally driven to make every single thing into a goal (at work, in relationships, nutritionally, health, etc.), that we end up with an unapproachable inventory of goals to try to manage. The additional thought of creating a financial plan with major, life-guiding goals can be too overwhelming. Alternatively, there are people that really haven't had to think about goals that affect their financial plan, so it can be difficult to envision those types of things and establish a starting point. Have an honest, thorough think session or conversation (especially if you have a spouse or others to consider) on what is important, uniquely and only to you. A CFP® professional will then help you translate values into good guesses for goals and design the steps on how to use time and resources to get there.

2 Design your financial planning goals with flexibility, and be careful about how strict you make them mentally.

Ironically, in an article regarding goals, I am genuinely hesitant to use the word "goal." Was the year 2020 not the perfect example of how: life can change, goals have to adapt, expectations are not met, etc.? Understand that it might be more effective to think about flexible estimations and possible outcomes versus strict goals and one-way results. Your financial planner should help you leverage the available "controllables" to get you as close as possible to your desired outcomes, but also show you different outcomes to account for inevitable life change. Remember MapQuest? Bear in mind, I'm not going as far back to the days of actual maps! With MapQuest, we would print out the directions for our journey, and that would serve as our "roadmap." If there was an accident 20 miles ahead, or a quicker route that opened up, we did not have the flexibility that our cars or smart phones proactively offer to us today. Since life changes so often, we cannot defend an outdated map that offers a one-way path, one destination, and at a strict-deadline time. Refresh your financial plan regularly, and let's allow it to serve as more of a flexible guide in an ever-changing landscape, being careful with how strictly we define every goal.

3 With your values and estimated goals in mind, give yourself permission to have balance of life.

Unfortunately, tomorrow is not promised to us, so today is incredibly important. Conversely, meeting important future financials goals aligned with our values (including a comfortable retirement, having enough resources) is not promised to us, either. If we get honest and clear about our values, which can shed some light on good estimations of potential goals, hopefully, those two steps naturally account for both today and tomorrow. An admittedly ever-present bias, but your CFP® professional can help walk through these financial planning steps properly, and align your use of capital and resources for where you want to be with reasonable balance. Above anything, find someone that you think is an effective communicator who is relevant and resonates with you!

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