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Fight the fear of financial planning

COVID-19 pandemic teaches us of need to prepare for the unexpected in our lives

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One of the great lessons of the COVID-19 pandemic is the lesson of planning. Pandemics are an unlikely event, but we knew another would come someday. Yet, we failed to plan.

We are now paying the price for that failure, but imagine how much better, how much easier this could have been if we had a plan to deal with it.

The same is true for retirement planning. Retirement is a very likely event, but many of us still fail to plan. For those still far from retirement, it is easy to put it off for another day.

What they don't understand is that the most valuable dollars are those invested the earliest! For others, the fear of bad news stops them from planning at all, leaving their financial future to chance.

Those fears are natural, they are real, but pushing past those fears is critical to retire-

ment success. The last thing you want is to find out that you aren't ready for retirement just as you are about to retire.

Better to know where you stand while there is time to fix whatever issues there may be, and if things look good, maybe you can retire a little early! If you do not have a financial plan, there is no better time than now.

We suggest that your "plan for your plan" and in our view, here is how to get started on the right foot.

Deal with a professional. There is plenty of DIY retirement advice available, most of it (save more, spend less) is very good advice, but it isn't a plan. A plan is a detailed analysis of the condition of your retirement savings; your expected retirement spending, and the probability of success. CFP (Certified Financial Planner) professionals are trained in this process. Anyone can call themselves a financial planner, but only CFP professionals are held to rigorous professional and

ethical standards. You can find local CFPs at cfp.net. **Look for a fiduciary.** Acting as a fiduciary requires that an advisor always act in the client's best interests. Why is that important? Because not all financial advisors are fiduciaries. Always ask any advisor or financial planner if he or she can serve as a fiduciary.

Establish a relationship. Seek out a qualified person with whom you can or do have a "trusted" relationship. It allows you both to openly discuss all aspects of a plan without reservation. Do not be afraid to interview several CFPs to gain more perspective and gauge for a personal fit. A financial plan is an on-going, living process and document, not a "one-shot deal". Circumstances will inevitably change, which may require modifications to your plan. The highest value is in the professional relationship that allows your plan to "grow along with you". Having that relationship allows you to discuss the unpleasant aspects of a plan without reservation be-

cause you are not talking to a stranger. The Planner's job is to serve as a financial coach. Don't settle for less. **Your plan should be thorough.** A plan will be based on all your financial assets, including your retirement savings, your desired retirement income and expected spending. The plan produces an expected annual return and looks at the probability of success. Make sure your plan includes "what if" scenarios" as a stress test. What if inflation picks up? What if my expected expenses are higher than I projected? What happens if my projected investment returns are not attainable due to market conditions? This helps to avoid unwelcome surprises and allows the investor to be more confident in their ability to achieve their plan regardless of these unknowns.

The sooner you start, the better. Climbing a long, modest incline is easier than climbing a short steep hill. The same is true with your finances. No matter your age, the earlier you start,

the easier the climb. Every day that you delay your plan, the steeper the hill becomes. Your situation may seem so simple that it may not seem worthy of professional attention, but it is.

Whether it is your existing financial advisor or accountant, or it is a new person or firm, these steps will serve as a solid foundation for developing your financial plan. You will be glad you did.

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