

Gravity and Financial Planning

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A client of mine recently visited my office for a periodic meeting. She asked me if I saw the movie Gravity.

She went on to describe how the astronauts on their spacewalk were constantly bombarded by space debris. It was dangerous and overwhelming. She compared their experience to how she felt about starting the financial planning process. She was constantly being bombarded by advertisements and “helpful” suggestions by family and friends that did not understand her full financial picture.

It was important to her to find the right person who could listen and ask the pertinent questions when she presented her financial life and goals. With all clients the first step for a financial planner is conscientious fact finding and ensuring that the clients provide the information needed to help them. Once the facts are known, the planner can analyze their situation and help them develop a path to best meet their needs and goals.

When I meet with my clients I try to minimize the financial planning “Space debris”. I aim to give them concrete steps they can take to improve and safeguard their financial life. These initial steps include:

- 1) Establishing an emergency fund. For most clients this means having liquid savings of 3- 6 months worth of living expenses.
- 2) Reviewing life insurance coverage to confirm that they have adequate coverage for their spouse or children.
- 3) Establishing a systematic savings plan which helps promote investment discipline by automatically transferring a portion of each paycheck to an investment account. This helps assure that people live within their means.
- 4) Contributing regularly to the 401-k plan at work to help fund a successful retirement in the future. I emphasize the importance of confirming that they are taking advantage of any employer match.

This is just the beginning of my clients’ “space walk” to good financial planning. I have started already to reduce the debris that keeps them from moving forward. Together we are looking ahead so I can provide guidance about avoiding future garbage. This advice, experience and concrete suggestions can help protect them so that their travels in their financial life are safe and successful.

To help my clients succeed it is essential that I help provide them with good communication that reminds them of the actions they need to reach their goals.

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