



Fee-Only Financial and Investment Planning
(888) 320-9993



On Course

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Welcome! We especially love to help people with creating and updating their financial plans. It's the best way we've found to help clients identify and then achieve their financial goals. For this month and next, we're taking the time to discuss in more detail what I call the "six tabs" of the financial plan: goal planning, insurance, investments, taxes, retirement planning, and estate planning.

If you want to create or update your financial plan, remember we're here to help you stay On Course!

-Jennifer Lane, CFP

Your Financial Plan

Getting in touch with your finances and creating a simple plan for staying in control is the best way to keep your money working for you, not against you. It's a lifestyle, not just a one-time exercise. You can succeed by learning about your money and how to manage it well.

The financial plan

- You'll probably take the most time putting together your first plan. Once you have the plan, yearly updates tend to be less complex and more efficient. So, take a breath, and put in the initial work.
- For optimum benefits, update the plan at least every year, but no longer than every other year.
- For updates, focus on what's new and different in each tab. Our lives change quickly these days so make sure your plan keeps up with your life.

Goal setting

- Your goals drive how the financial plan comes together -- and give the plan a much higher level of success.
- Take a step back from your day-to-day life and think longer term, both personally and financially.

In This Issue

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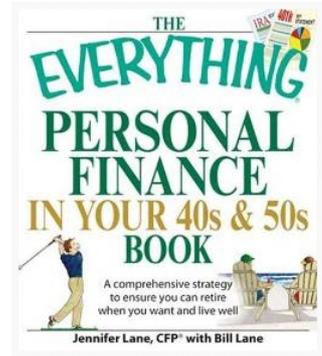


Jennifer's Hint

People who succeed in building strong personal finances are not necessarily those with high income, but those who have targeted their habits and their resources toward achieving those goals. Balancing spending now with spending later is a key part of this.

Get more tips in Jennifer's book

- Timelines and the value of money are important. For example, if you want to relocate from your family home when you retire, you need to plan for the difference between the net value of selling your current home and buying the new one.
- By being clear about your goals, it's easier to reach those goals given your current situation, earning potential, and return on investments. And, then, determine if you're on the right track or what you need to adjust to meet your goals.
- Sometimes, your goals may need changing, e.g., given the current plan, that \$10,000 retirement travel budget item just does not work.



([click here for link](#))

Helpful Websites

Bankrate.com



Insurance

- This may be the least popular to do of the six tabs. Yet insurance is a very necessary piece of your long-term financial plan – worth paying serious attention to.
- Use insurance as a backup in the financial plan for your goals, assets, and age.
- Policies can lapse, your family situation can change so you need up-to-date insurance policies for auto, home, umbrella, and personal life. You should at least consider policies for disability and long-term care.
- Often, umbrella policies are not automatically included in homeowners or renters insurance. Check on that.

Investments

- Investments can be the most overlooked and, yet, most worried about part of the plan, definitely tied to the state of the market. You need to move into creating a strong portfolio to give yourself peace of mind from one year to the next.
- Knowing and managing your assets, IRAs, 401(k)s, pensions, mutual funds, stocks, and bonds obviously affects your ability to achieve your long-term goals.
- The goal for the first plan is to identify your holdings, simplify where feasible, and create the right asset allocation based on your age and goals.
- If you have large holdings in individual stock and bonds, you might consider consolidating into index mutual funds and Exchange Traded Funds/ETFs for more efficiency.
- The updates focus on reallocating the assets if needed.

Next month, we'll discuss taxes, retirement planning, and estate planning.

Q&A

Q: Do we need to fill out the FAFSA form for college aid for our freshman? My wife got a big bonus last year so I'm pretty sure we are not eligible for financial aid, and I'd rather not have all our financial information "out there."

– **Charlie, Dudley**

A:

Charlie, many schools use the FAFSA to award merit-based aid so it's definitely worth completing at least this one time. The good news is that it's easier to do than your taxes and the CSS Profile, another scholarship application. Also, many colleges and universities now offer rolling aid so the sooner you apply, the better. If you apply and don't get anything this year, then you might forgo it in upcoming years unless your financial circumstances change.

Since you are concerned about your financial information, make sure you're on a secure connection when you complete the online FAFSA form. If you're worried about a particular school, ask the financial aid office about their security measures and privacy policy.

What's New

- Financial Planning's recent article, *When to Use Stop-Loss Strategies*, includes comments from Jennifer. Click [here](#) to read the full article (registration required).
- The CFP Experts' Corner has featured Jennifer's article, *Keeping your Data Safe Online*. Click [here](#) to read the full article.
- Jennifer recently answered NECN viewer questions about *managing your credit*. Click [here](#) to watch the segment on her blog.
- Follow us on Facebook! Visit www.facebook.com/AskJennifer and like us!
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 6:30 pm appearance.

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

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