

Life Cycle of Financial Planning

“Take Charge of Your Finances”
Advanced Level

Financial Planning

Many people follow a similar financial pattern during their life

BUT

Everyone has an individualized financial plan

Financial Planning

Financial planning - a tool used to achieve financial success based upon the development and implementation of financial goals

Financial goals - specific objectives to be accomplished through financial planning

Financial Goals should be SMART goals

SMART Financial Goals

Specific

State exactly what is to be done with the money involved

Measurable

Write the exact dollar amount

Attainable

Determine how it can be reached, which is often determined by the individual's budget

Realistic

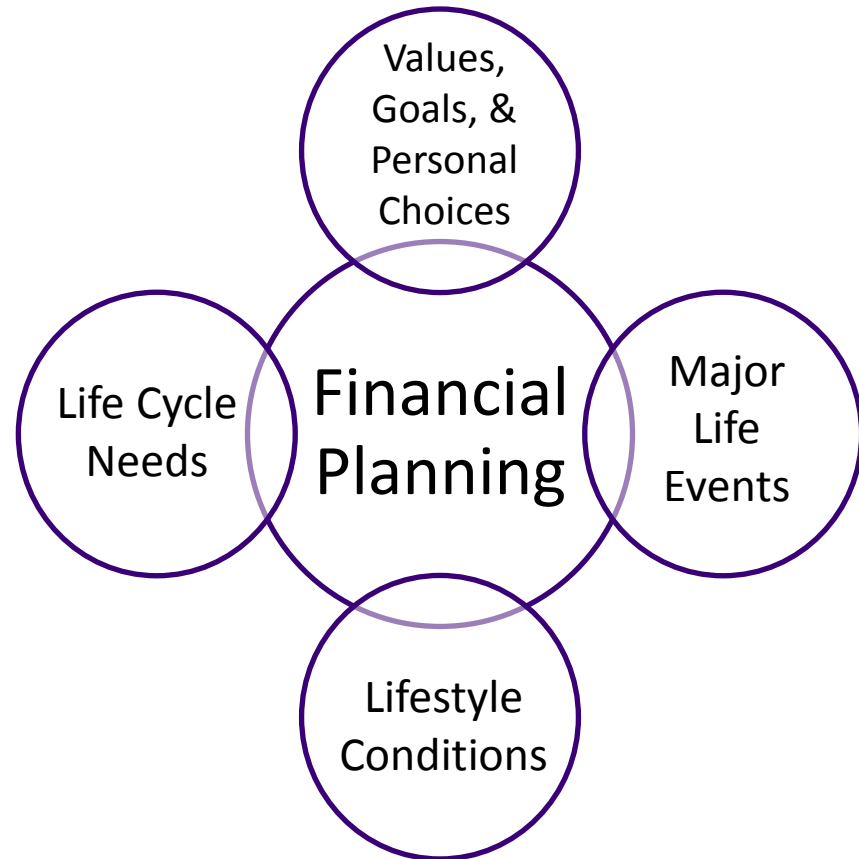
Do not set the goal for something unattainable or unrealistic

Time Bound

Specifically state when the goal needs to be reached

What influences a person's financial plan?

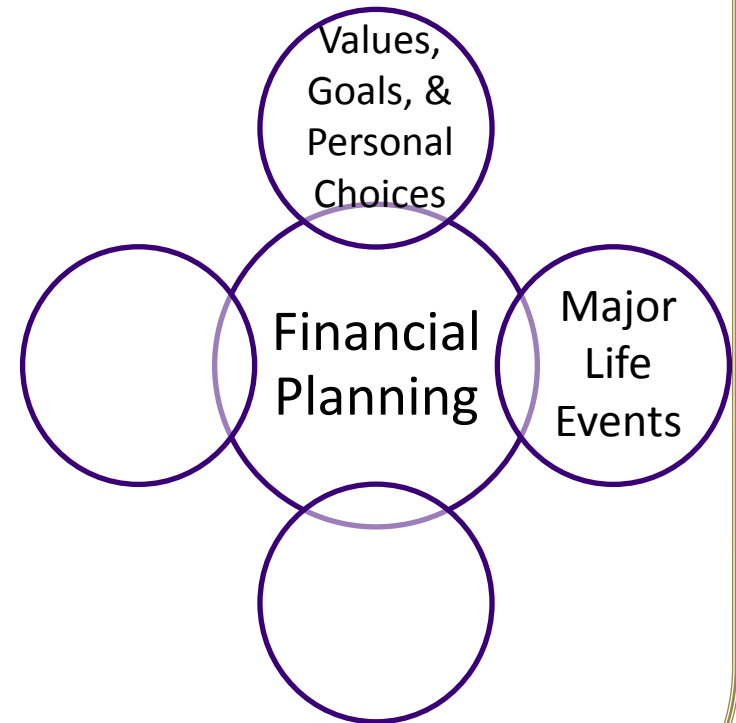
Many factors that can be expected or unexpected:



The choices you make today impact your future!

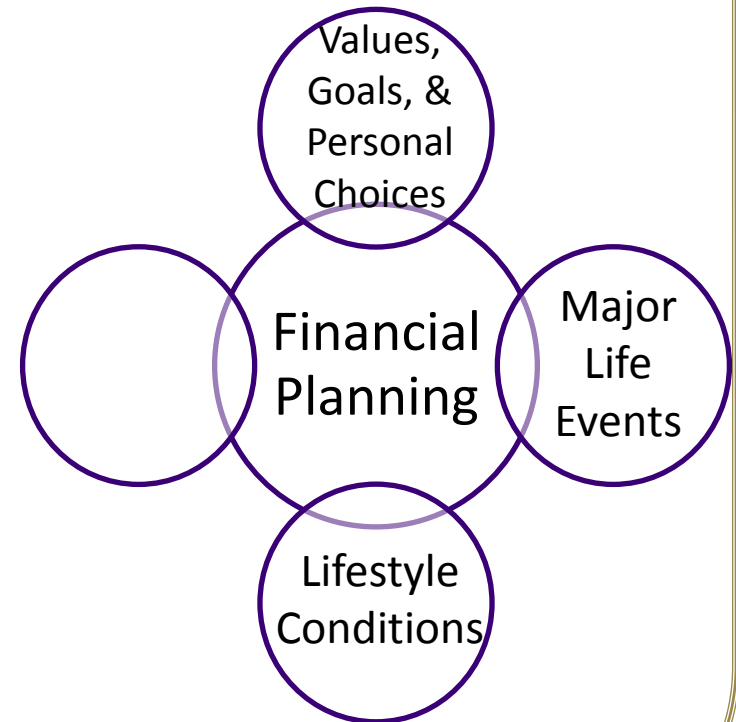
Choices and goals made in the present may have a significant impact on your future financial plan

Life events that affect your financial plan may be unexpected



What are examples of lifestyle conditions that may affect a person's financial plan?

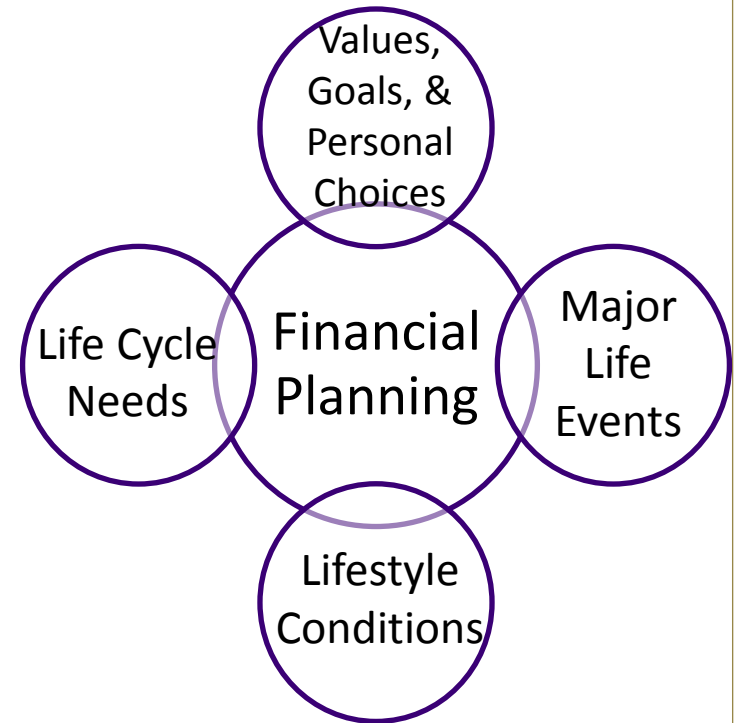
Marital status	Age
Income	Number of dependents
Education	Employment status
Health status	Economic outlook



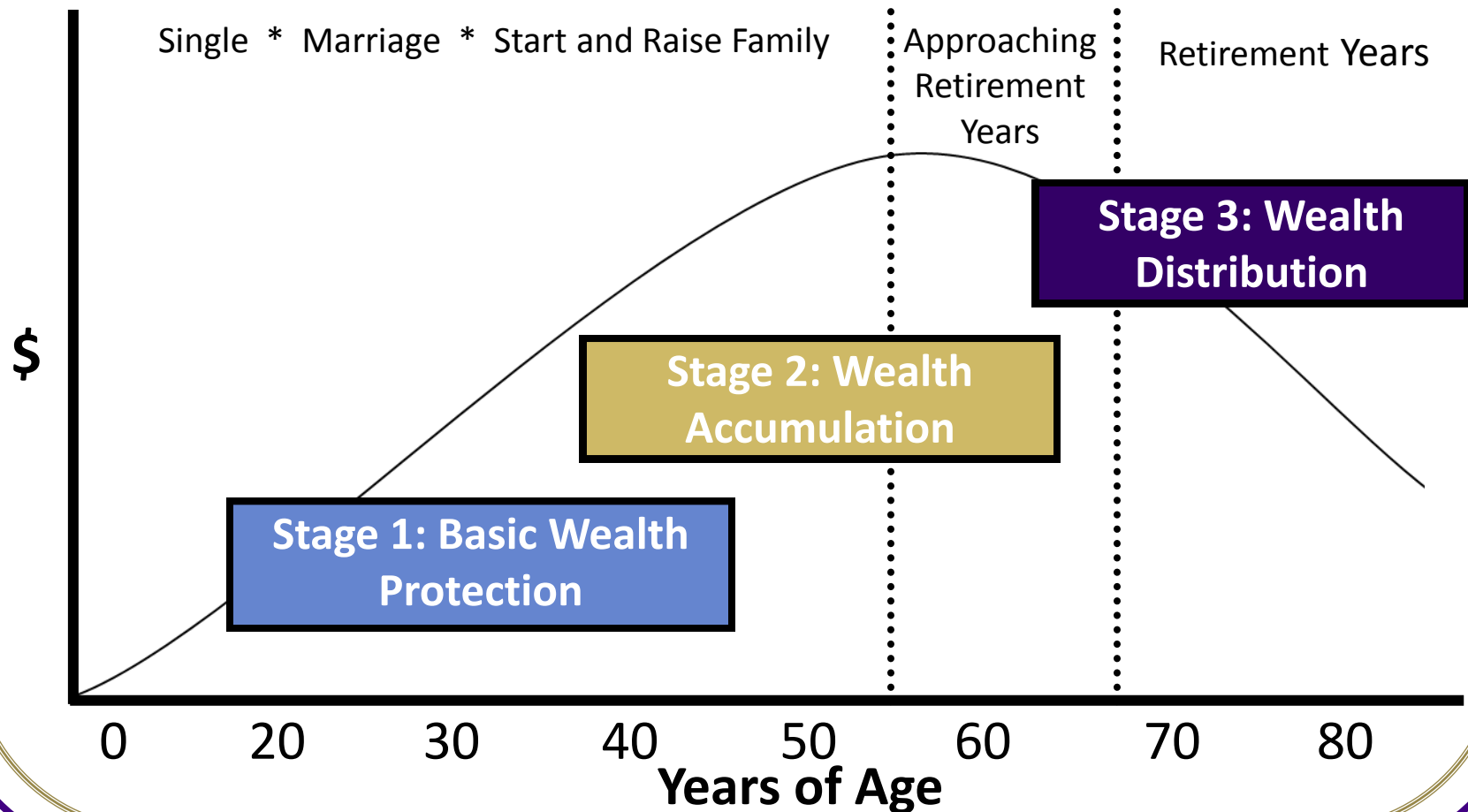
Financial Life Cycle

Life cycle - a series of stages through which an individual passes during his or her lifetime

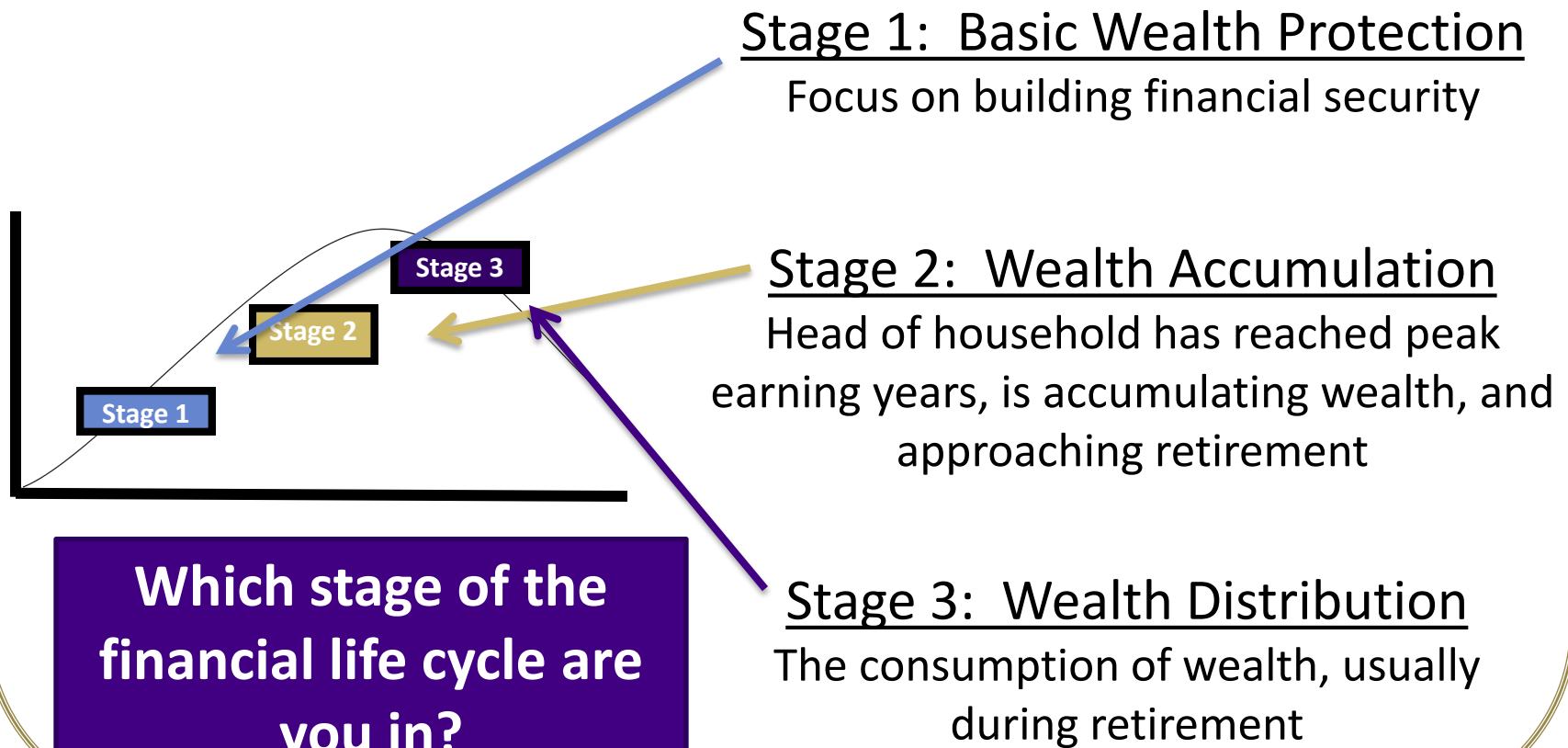
Typical financial life cycle pattern applies to most people and affects a financial plan



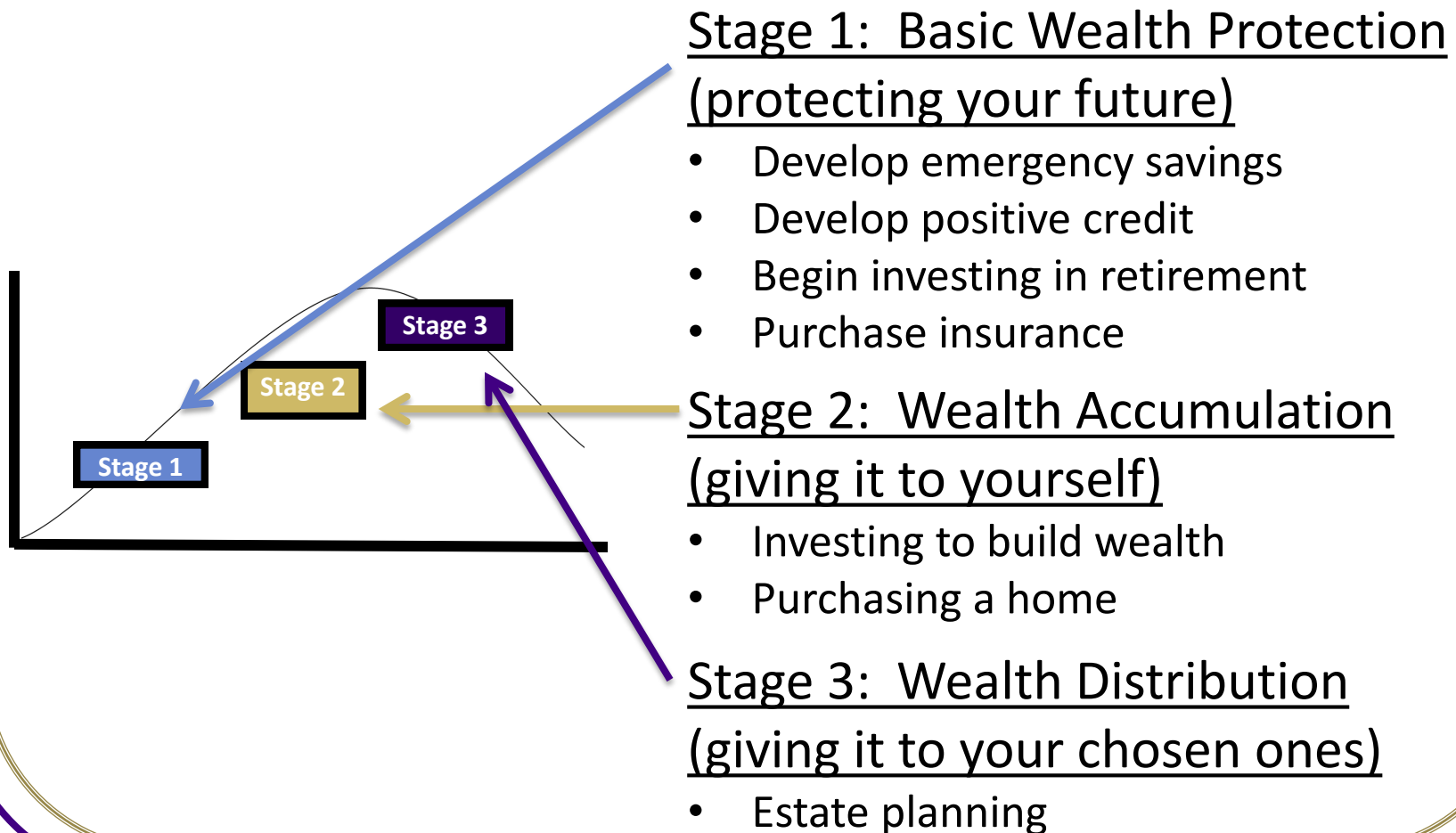
Typical Financial Life Cycle



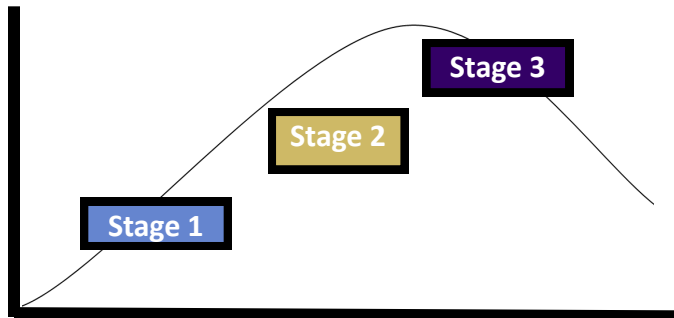
Financial Life Cycle Stages



What types of financial planning would occur during each stage of the financial life cycle?



Typical Financial Life Cycle

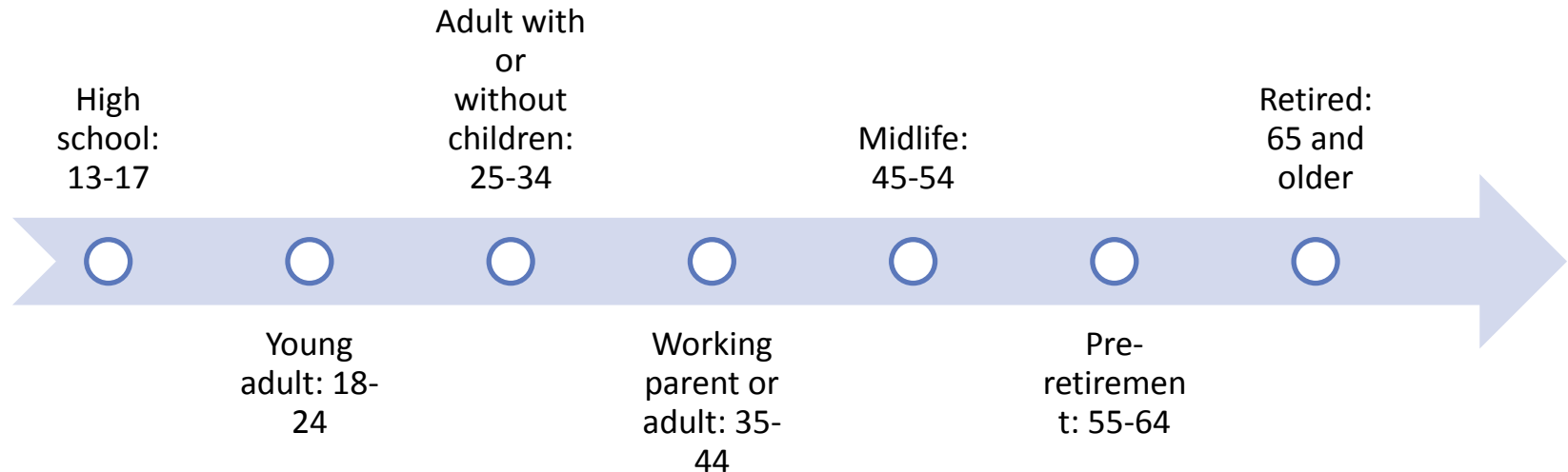


What factors or events in a person's life could cause the typical financial life cycle to change or vary?

Financial Life Cycle Events

Activity

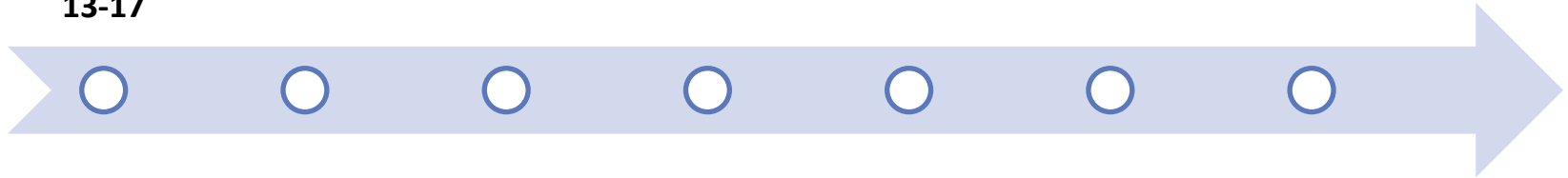
People in certain age groups tend to have similar financial life cycle needs



Determine what types of financial planning may occur for each age group.

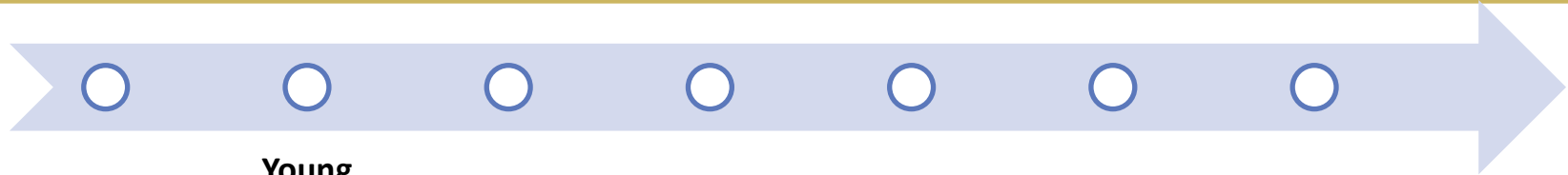
Traditional Age Group Financial Planning Needs

High
school:
13-17



- Developing a plan for eventual independence
- Preparing for career
- Evaluating future financial needs and resources
- Exploring financial systems – banks, etc.
- Developing a personal system of record keeping

Traditional Age Group Financial Planning Needs

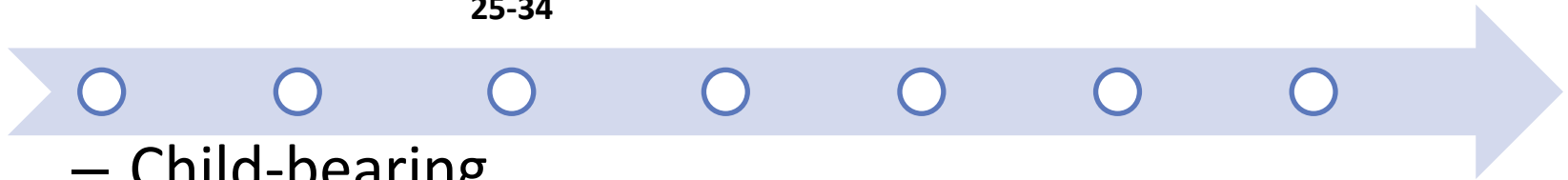


**Young
adult: 18-
24**

- Establishing a household
- Training for a career
- Earning financial independence
- Determining insurance needs
- Establishing credit
- Establishing savings
- Creating a spending plan
- Begin investing in retirement
- Developing a personal financial identity

Traditional Age Group Financial Planning Needs

Adult with
or without
children:
25-34



- Child-bearing
- Child-raising
- Expanding career goals
- Investing in retirement
- Managing increased need for credit
- Discussing and managing additional insurance needs
- Creating a will
- Starting an education fund for children

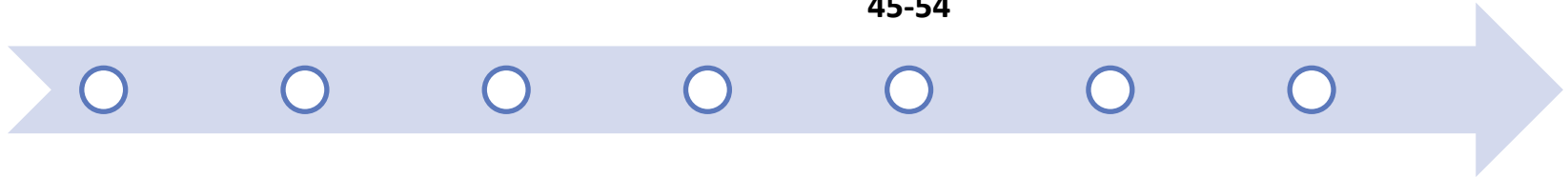
Traditional Age Group Financial Planning Needs



- Upgrading career training
- Developing protection needs for head-of-household
- Investing in retirement
- Establishing retirement goals
- Building on children's education fund
- Need for greater income due to expanding needs

Traditional Age Group Financial Planning Needs

Midlife:
45-54



- Assisting with higher education for children
- Investing in retirement
- Updating retirement goals and plans
- Developing estate plans

Traditional Age Group Financial Planning Needs

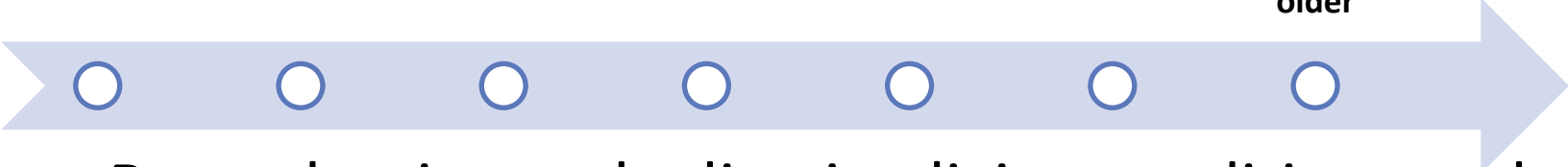


**Pre-
retirement:
55-64**

- Consolidating assets
- Re-evaluating property transfer
- Investing in retirement
- Evaluating expenses for retirement and current housing
- Planning future security
- Investigating retirement part-time income or volunteer work
- Meeting responsibilities of ageing parents
- Planning for long-term care insurance and medical care in retirement

Traditional Age Group Financial Planning Needs

Retired:
65 and
older

- 
- Re-evaluating and adjusting living conditions and spending as related to health and income
 - Adjusting insurance programs for increasing risks
 - Finalizing will or letter of last instructions
 - Acquiring assistance in management of personal and financial affairs
 - Finalizing estate plans

True or False?

Everyone has the same
financial plan

FALSE! Individualize your financial plan but
consider the typical life cycle needs for
every age group.