

Build Your Own Financial Plan

Goal without a plan is merely a dream



Here are three key questions to ask yourself when building a financial plan.

1. WHAT ARE MY GOALS?

Building wealth takes time and a little effort. Like any activity, be it growing a business or learning a new skill, you need to decide early on what your long-term objectives are. It's exactly the same when you are building wealth – it is important to set financial goals.

Without a goal, your efforts can become disjointed and often confusing. Being able to keep track of your progress towards achieving a goal is only possible if you set one in the first place. Being able to measure progress is extremely rewarding and will help you maintain focus.

Procrastination is something we all battle with from time to time. However, when you set goals in life, specific goals for what you want to achieve, it helps you understand that procrastination is dangerous. It is wasted time. It is another day you aren't moving closer to that goal.

Setting financial goals is essential to financial success. Once you've set your goals you can then write and follow a roadmap to realise them. It helps you stay focused and confident that you're on the right path.

Consider the SMART principle when setting your own goals:

Specific – Clearly define what each goal is and use details such as numbers where possible (quantify it).

Measurable – Think about a tangible way in which you can measure your progress.

Achievable – Are your ambitions realistic? With planning we are often capable of more than we realise but being pragmatic is important. Discussing your goals with us will help you to balance this.

Relevant – Are your goals in line with your own personal values? It is useful to chat this through with somebody else to clarify your values.

Timebound – Think about the timeframe you are working within and whether there is any flexibility needed.

Your goals are personal and unique to you. Perhaps you want to set up your own business and follow a lifelong passion, or maybe you want financial security and to ensure you can pass a legacy on to your loved ones.

Once you've defined your goals and you're clear on your current situation, it's a good time to work out if you have enough to achieve your goals or if there's a gap. This isn't an easy task as there are often many variables to consider, such as inflation, tax and growth rates.

2. WHERE AM I NOW?

Cash flow planning is a concept borrowed from business and every business owner or finance

director will be familiar with the term. These same principles can be applied to your personal financial planning. As we've mentioned, the starting point is to identify each one of your personal goals.

Cash flow planning is most effective when all likely future needs are taken into account too. Just focusing on immediate needs may seem more practical but focusing on one goal at a time can limit future options.

Make a list or a spreadsheet of what you have, specifying where and how much; this could include any assets such as property, cash balances, investments, pensions, protection policies and any debts such as mortgage, credit cards or loans. Look at your income and expenditure levels.

Remember, the future is somewhere you have never been before. Cash flow planning guides and updates you on your journey. If there are delays on the way it can find another path. Combined with our professional advice, we can help you arrive at your destination more smoothly.

3. WHAT DO I NEED TO DO NEXT?

As we've seen with the coronavirus (COVID-19) pandemic, things can change very quickly. It goes without saying that your financial plans should not be static objects, and that you should review your plans over time and on a regular basis to ensure that you remain on track towards your goals. You also need to adapt your financial plans as your circumstances change.

Reviewing your arrangements regularly is a vital way of ensuring you meet your financial goals and ensures that all your plans are up to date in light of changes to your circumstances and the wider financial landscape.

Reviews can also prompt you to consider some of those things that sometimes get left undone – such as your Will, which might still need to be arranged or updated. Or perhaps there is a Lasting Power of Attorney that has not been progressed or a life assurance policy that should be placed under an appropriate trust. As we've all recently experienced, life has a habit of springing unpleasant surprises on us when least expected.



Having a financial plan in place early on can make it easier to manage your money further down the line. It's never too early to make a financial plan. The sooner you work out your goals and start following a plan to achieve them, the more likely you are to succeed.

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Speak to an IFA

When it comes to building a financial plan you should always seek advice from a professional financial adviser