

What makes a good financial strategy?

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When you're going on a journey, there are three essential questions to ensure you have a great trip. How will I get there? How much will it cost? How will I deal with the unexpected? Answering these questions thoughtfully will allow for a more pleasant trip.

A written financial strategy serves the same purpose in the bigger picture of life. When you have a plan for your financial journey, it's easier to decide how you spend money, stay on track, manage unexpected expenses, and achieve your long term goals. It may also help to safeguard your assets when major life changes like retirement, marriage, children, divorce or job loss come along. So what makes a good financial strategy? Here are some critical components it should include¹.

1. **Goals** List all of your financial goals. Consider everything that matters to you, from paying off debt, buying a new home, or saving for retirement, to whatever you want to do for your future. List all assets and liabilities you own, including cash, investments, real estate, and other assets. Determine your net worth and how much you need to reach your goals.
2. **Investment Strategy** Determine how you will invest your money. Consider your risk tolerance, time horizon, and goals. Consult with a financial advisor to help you develop an investment strategy that aligns with your goals.
3. **Insurance** Determine what types of insurance you need. Life, health, disability, and property/casualty insurance are all important. Make sure you have adequate coverage for each.
4. **Estate Planning** Determine how you will transfer your assets to your heirs. Consider wills, trusts, and other estate planning tools. Consult with an estate planner to help you develop an estate plan that aligns with your goals.
5. **Retirement Planning** Determine how you will fund your retirement. Consider 401(k), IRA, and other retirement savings vehicles. Consult with a financial advisor to help you develop a retirement plan that aligns with your goals.
6. **Tax Planning** Determine how you will minimize your tax liability. Consider tax-exempt investments, tax-deferred investments, and other tax planning strategies. Consult with a tax advisor to help you develop a tax plan that aligns with your goals.
7. **Charitable Giving** Determine how you will donate to charity. Consider charitable deductions, charitable trusts, and other charitable giving strategies. Consult with a tax advisor to help you develop a charitable giving plan that aligns with your goals.
8. **Components of a Good Financial Plan** [2]

If you have any questions about the components of a complete financial strategy [contact our office](#). [1]
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