



# Financial Planning Checklist

*A guide to help you get started with a financial plan.*

## Advice to Help You Succeed

You have unique and meaningful goals. We spend the time to understand your dreams and work diligently to help make them come true.

### Why Financial Planning?

Having a financial plan not only helps identify and track financial goals, it can also improve confidence in your overall financial life.



**65%**

Feel financially stable with a financial plan.



**83%**

Feel more confident in their finances after setting financial goals

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## CHALLENGES



When it comes to financial planning, people tend to fall into two camps: non-planners and planners. Non-planners typically save when they can, perhaps putting a small amount into a workplace retirement plan, hoping that everything will work out in the long run. Planners generally know what they're saving for, but seek out a disciplined framework to quantify their goals and timelines.

## SOLUTIONS



Research has shown that households that work with a professional financial planner were more likely to make better financial decisions than those without a planner, taking into account portfolio risk levels, savings habits, life insurance coverage, revolving credit card balances, and emergency savings.

## BENEFITS



1

### A written financial plan increases confidence

A Charles Schwab survey found that 65% of people with a written financial plan say they feel financially stable, while only 40% of those without a plan feel the same level of comfort. Fifty-four percent of planners felt "very confident" they would reach their financial goals, compared with only 18% of non-planners.

2

### A financial plan can help create an investment portfolio

Your financial plan can give you the full lay of the land: You'll know what your goals are, how much time you have to reach them, and how comfortable you are with risk. Once you have a comprehensive view, you can figure out how to reach each individual goal.

3

### A financial plan can lead to better habits

Financial planning isn't just about investing; it's about what money can do for your confidence, security, and quality of life—such as the protection that life insurance offers or the peace of mind that an emergency fund can provide. Research also shows that planning supports sound money habits as well.

# Good investment returns can be negated without proper planning.

Use the following two pages to help you organize your thoughts, start to identify your financial goals, and gather important information to help prepare your financial plan.



### Planning for Emergencies

- Keep 4-6 months of expenses in savings to sustain you during loss of income or larger unexpected expenses. Needs and comfort level vary.
- Analyze Long Term Care needs. Are you self-insured if incapacitated from illness or accident?
- Consider short/long disability insurance to provide income should you become unable to work. Check employer options first.
- Evaluate life insurance needs in the event of an unexpected loss. Consider income replacement, debt reduction, and long-term goals. Review any current policies for cost effectiveness.

### Debt Reduction

- Set a goal to minimize “bad debt”. This may include high interest rates, no tax benefit, or not backed by any appreciating asset/investment.
- To eliminate debt, pay off highest interest rate credit cards quickly. Set a goal to pay off monthly balances in full.
- Evaluate debt structure on mortgages, business loans, and student loans for best rates and terms.
- Although important to pay down debt, leveraging your assets can be advantageous to accomplish financial goals.

### Saving for Retirement

- Work with a financial planner to determine your financial goals and the savings needed to obtain them. Consider the lifestyle you desire in retirement, and when you want that to begin.
- Examine your budget and cashflow. Understanding your spending helps determine appropriate goals and ensures your budget can include adequate savings.
- Explore tax savings options through employer plans, IRAs and other tax-sheltered accounts to help save in the short-term on your income taxes and in the long-term during retirement.
- If your place of business offers matching for a retirement plan, make sure you max out your contribution to take full advantage of this source of funding.
- If you change companies frequently, ensure that you properly roll over your retirement funds into a centralized account to avoid losing track of multiple small accounts and optimize investment options.

This information is intended to be educational and is not tailored to the investment needs of any specific investor. The information contained herein has been obtained from sources that are believed to be reliable. However, IronBridge does not independently verify the accuracy of this information.



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### Investment Management

- Markets change over time. Regularly assess your financial goals and risk tolerance so your investments are working most efficiently for you.
- Review of risk. Do you have an inappropriate amount of high-risk assets that do not match your goals, or assets that will not keep up with inflation over time? Having too much or too little risk in your portfolio can be detrimental to achieving your goals.
- Investing with purpose. Is there a purpose and a plan to which securities you own, and when you own them? How will your portfolio fare through different market conditions?
- Over-concentration. Having too much of your net worth at risk in one holding or in one asset class may sacrifice your goals over time.
- Tax considerations. Understanding the tax treatment of various types of accounts and holdings can help you reduce tax liability over time.
- Consolidate for efficiency. If you have small accounts scattered with different firms, your portfolio may not be optimized effectively.

### Estate Planning

- Maintain a record of all accounts, passwords, retirement savings, life insurance policies, and other financial information and review with your spouse, child, or executor regularly.
- Create a Will and update it periodically to ensure it continues to reflect your wishes.
- Update beneficiary designations as needed on retirement accounts, annuities, and life insurance.
- Designate a Power of Attorney for your financial decisions and a Medical Power of Attorney for healthcare decisions in the event of a debilitating accident or illness. Who will speak for you?
- Consider Trust options to allow control of the distribution of your assets after your death, potential creditor protection, and reduce estate taxes for larger estates.
- Discuss charitable giving options to fulfill your philanthropic wishes and leave a legacy.

### Other Financial Considerations

- College Planning: explore tax-advantaged savings options (such as 529 Plan). Starting early and applying family gifting can have significant impact.
- Social Security: evaluate the advantages and disadvantage to taking benefits earlier or later in your plan
- Major Purchases: plan for these large expenses (such as second home, boat, pool) including ongoing upkeep and taxes, and how long you may keep those assets.
- Medicare: compare the supplemental policies to cover your individual needs and reduce overall out-of-pocket costs, and to coordinate with any employer benefits.
- Company Stock & Options: consider values, over-concentration, cost basis & tax liability, NUA on stock inside your 401k
- Pension Plans: review pay-out options (if needed for spouse), do cost of living adjustments apply to income calculations, does life insurance enhance benefits?
- Business Owners: create a buy/sell strategy, maintain a reliable business valuation, and factor the business value into retirement income

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