FINANCIAL PLAN CHECKLIST

PLANNING FOR EMERGENCIES

- ☐ Set aside 5–15% of your income to create a nest egg of 12 months' salary to sustain you in the event of job loss, accident, or illness.
- ☐ In the event of unexpected financial windfalls (bonuses, gifts, lottery winnings) put 50% of the after-tax value in your emergency fund.
- ☐ If possible, get disability insurance (both short-term and long-term) to provide income should you become incapacitated and unable to work.
- ☐ Purchase term life insurance to provide financial stability for your family in the event of your (or your spouse's) death. Ensure the policy provides enough to either replace your income or provide a residence free and clear for your family.
- ☐ Designate a Power of Attorney for your financial decisions and a Health Care Proxy for healthcare decisions in the event of a debilitating accident or illness.

DEBT REDUCTION

- ☐ Begin early tracking your income, budgeting, and designating an amount for your disposable income to avoid excessive debt.
- ☐ Reach out to your creditors to negotiate the best possible interest rates and terms for your debt repayment.
- ☐ To eliminate debt, begin paying off your highest interest rate credit card in full, then apply that card's payment to the payment on the next highest card, and so on. Over time, you will be applying a large payment each month to your debt, eventually paying off all of your credit cards.
- ☐ Once your credit cards are paid off, do not close out credit cards as this can negatively affect your credit score. Instead, pay down the accounts then use each card once every month or two, paying off the balance in full immediately thereafter.
- ☐ Make credit cards less accessible by storing them in a safety deposit box or with a trusted family member so they cannot be used for impulse purchases.
- ☐ Once you have paid off your consumer debt, begin applying the money you formerly paid servicing that debt as a principal payment on your mortgage each month. This will allow you to build equity and pay down your mortgage more quickly, saving you thousands in interest over the life of your mortgage.

PLANNING FOR RETIREMENT

- ☐ Work with a fee-based financial planner and begin strategizing your long-term financial goals early in your career to ensure that you stay on-track.
- ☐ Tax planning and retirement planning go hand-in-hand. Explore with your CPA or tax consultant how you can shelter some of your income through retirement vehicles that help you save short term on your income taxes and long term for 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.
- ☐ Consider the type of lifestyle you wish to live in retirement and plan for it. If your retirement income will be markedly less than your working income, what trade-offs will you make to ensure that you will have a workable budget? If you will need to downsize your home or limit your activities significantly, ensure that you are prepared for that shift.

ESTATE PLANNING

- ☐ Create a balance sheet and 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 ensure that you update it regularly to ensure it continues to reflect your wishes.
- ☐ If you wish to control the distribution of your assets upon your death, consider a trust that would control the timing and manner in which assets are distributed to your beneficiaries.

OTHER FINANCIAL GOALS

- ☐ Begin a savings plan for your children’s education. Even if you do not currently have children, take advantage of the power of compound interest by beginning a savings plan before children are born.
- ☐ If you need to pay off debt or are trying to beef up your emergency or retirement funds, consider changes to your current lifestyle and surroundings that might help fund these goals.
    - If you have a closet full of designer clothing, bags, and shoes, liquidate them and apply those funds to your long-term goals.
    - If you are overextended by living in a home that is too large or in an area that is exceptionally expensive, consider how a move might improve both your short term and long term financial picture.
- ☐ If you are living debt free, have planned well for emergencies, and have a firm handle on retirement planning, you may have other financial goals in mind. Would you like to start a business? Travel the world? Go back to school? Take a year off to paint or write a book? Consider the way smart financial planning can help you accomplish any or all of these.