

Beechwood Financial Services, LLC

Fee-only Comprehensive Financial Planning

30 Two Bridges Rd. Suite 370 Fairfield, NJ 07004

Tel: 973-582-0364 • Fax: 973-582-0300

Financial Planning Basics

What You Should Know About Financial Planning

You may have come across the term "financial planning" recently and wondered what it means. You may have decided to start your own financial plan but you're not sure how. Or you may feel it's time you went to a financial planner for some professional advice.

What Is Financial Planning?

Financial planning is the process of meeting your life goals through the proper management of your finances. Life goals can include buying a home, saving for your child's education or planning for retirement.

The financial planning process consists of six steps that help you take a "big picture" look at where you are financially. Using these six steps, you can work out where you are now, what you may need in the future and what you must do to reach your goals.

The process involves gathering relevant financial information, setting life goals, examining your current financial status and coming up with a strategy or plan for how you can meet your goals given your current situation and future plans.

The Benefits of Financial Planning

Financial planning provides direction and meaning to your financial decisions. It allows you to understand how each financial decision you make affects other areas of your finances. For example, buying a particular investment product might help you pay off your mortgage faster or it might delay your retirement significantly. By viewing each financial decision as part of a whole, you can consider its short and long-term effects on your life goals. You can also adapt more easily to life changes and feel more secure that your goals are on track.

Can You Do YOUR OWN Financial Planning?

Some personal finance software packages, magazines or self-help books can help you do your own financial planning. However, you may decide to seek help from a professional financial planner if:

- you need expertise you don't possess in certain areas of your finances. For example, a planner can help you evaluate the level of risk in your investment portfolio or adjust your retirement plan due to changing family circumstances.
- you want to get a professional opinion about the financial plan you developed for yourself.
- you don't feel you have the time to spare to do your own financial planning.
- you have an immediate need or unexpected life event such as a birth, inheritance or major illness.
- you feel that a professional adviser could help you improve on how you are currently managing your finances.
- you know that you need to improve your current financial situation but don't know where to start.