

The Importance of a Financial Plan

HOW YOU CAN GET ONE AT NO COST

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This past year has been one for the history books, and one key takeaway is the importance of having a financial plan. No one knows when the next crisis, recession, or an unexpected event may arise. Did you know that according to Charles Schwab **only 25% of Americans have a financial plan?** We have plans for so many things in our lives, whether it's planning for something as simple as your day, planning your next vacation, or even your evacuation plan in case of a threat to your home. Since we plan for many things in our lives, why do so many Americans not have a financial plan? Is a financial plan even necessary?

This past year is great proof that you always need a financial plan in place to help you navigate through uncertainty. No one saw the financial crisis caused by COVID-19 coming and few were truly prepared for the unprecedented measures we took to combat the virus. Before Covid, our economy was doing excellent; unemployment was at historically low levels, wages were increasing, and over all optimism about the economy



was extremely high. Those are certainly not necessarily the times during which most people make it a priority to create a financial plan or evaluate their financial position. **However, it is exactly when things are good that you should create your financial plan and prepare your savings plan for the future.**

There are several reasons why many Americans do not have a financial plan. Those include the lack of education we receive around money in general, and the belief that financial plans are out of reach for most everyday Americans. We are taught many things in school, however, how to handle money and personal finance is not one of them. Most of what we learn we gain from observations or conversations with our parents or extrapolate from peer groups. Often, this uncertainty can cause you to believe your money is controlling you, not the other way

around. Surprisingly, many Americans navigate throughout life without a financial advisor. This may be because they assume that only wealthy individuals can benefit from or afford a financial advisor. This is simply not true. What many Americans miss is that **your financial advisor should be much more than just your investment manager.** Just as you need a realtor to guide you through a home purchase, and an accountant to keep you current on tax codes, you should have a financial professional in your life to help guide and direct you in planning for all things financial. A good financial advisor will always start by developing a financial plan for you that aligns with your goals, risk tolerance, and is specific to your unique situation.

Another deterrent that keeps people from forming their financial plan is that money can be a source of stress, fear, or worry for

many Americans. Less than half of Americans even have a household budget and roughly one third have nothing saved for retirement. However, when working with an advisor to put a plan together, you can take control over your money. Having a plan sets an attainable goal for you to reach with a reward at the end! We work hard for every dollar we earn, so why not allow our money to work hard for us? **Financial planning puts you in the driver's seat when it comes to your money.** You are making the decisions and you control your financial future. It is a freeing feeling to have that plan in place.

Once you have your plan in place, please understand you are not done! Your plan needs to remain fluid and you will want to update your plan as your situation changes. Whether preparing for college tuition, an unexpected expense, or retirement itself, your plan needs to be updated to accurately reflect your current situation. At Riverplace Capital we provide free financial planning for all existing clients. In celebration of the new year we are **excited to announce that we are offering free planning (\$1500 value) to anyone who has read this article and tells us they saw it in *The Resident*.** To find out how to get your unique plan, you can call us at (904) 346-3460, or reach us via email at info@riverplacecapital.com, or text (904) 614-8000.

Whether you decide to work with Riverplace Capital, or another financial advisor, getting started with a plan is the first step towards achieving your financial goals. We encourage you to take the first step towards beginning your successful financial future in 2021!

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