

Financial Planning Process Can Help Baby Boomers Reach Retirement Goals

By John B. Clair, CFP®

Much attention has been paid in recent months to the mounting concerns over the saving and spending habits of Americans. Not long ago, the Department of Commerce reported a negative savings rate for American consumers. Studies show that even as more workers contribute significant pre-tax dollars to their 401(k) plans, consumer debt is nearing an all-time high.

It's evident that too many Americans are neglecting long term financial planning. Like closing the door of a closet that badly needs organizing, the attitude seems to be out of sight, out of mind. Concern is particularly real for members of the baby boom generation.

Already in their mid-50s and just 10 to 12 years away from traditional retirement age, many baby boomers are facing the undeniable need to re-evaluate their financial preparedness. Financial planning can help these individuals meet financial goals and get serious about retirement planning through the proper management of their assets.

However, not all financial advisors are created equal. A financial planner who develops a comprehensive and personalized financial plan will take a holistic view of an individual's financial resources, obligations and goals. The CFP® certification, from Certified Financial Planner Board of Standards, is a good sign a financial advisor can meet your needs. This certification is awarded to individuals who meet strict ethical requirements, successfully complete rigorous education coursework, pass a comprehensive examination and demonstrate their dedication to providing sound financial advice through experience.

To be confident that you are receiving financial planning advice, look for your advisor to follow some or all of the following steps in creating a plan that's right for you:

Establishing and defining the client-planner relationship. A financial planner should clearly explain or document the services to be provided to you and define both his or her responsibilities and yours. The planner should explain compensation fully — how he or she is paid, by whom, how frequently, etc. You and the planner should agree on how long the professional relationship should last and how decisions will be made.

Gathering client data, including goals. A financial planner should ask for information about your financial situation and retirement interests. When working with the planner, you'll want to work together to define your personal and financial goals, understand your time frame for results and determine your risk tolerance. Your financial planner should gather all necessary documents before developing a plan.

Analyzing and evaluating your financial status. A financial planner should analyze your information to determine what you must do to meet your retirement goals. Depending on what services you need,


this could include analyzing your assets, liabilities and cash flow, current insurance coverage, investments or tax strategies.

Developing financial planning recommendations. Your financial planner should offer recommendations that address your goals — whether retirement-focused or all-encompassing — based on the information you provide. The key at this step is helping you understand all the options available, so you're able to make informed and sound decisions. The planner should also listen to your concerns and revise recommendations as appropriate.

Implementing the financial planning recommendations. You and the planner should agree on how the recommendations will be carried out. Your planner might carry out the recommendations, serve as your “coach,” or coordinate the whole process with you and other professionals such as attorneys or stockbrokers.

Monitoring the financial planning recommendations. You and the planner should agree on who will monitor your progress toward your goals. If it is the planner who is in charge of the process, expect that your planner will periodically review your strategy, report to you, and adjust the recommendations as needed.

For America's baby boomers, it's time to balance retirement hopes with the reality of saving. With expert financial planning help, members of this generation can immediately maximize the income of their most profitable years and create a productive financial structure that will successfully support their retirement goals.

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