Your personal financial planning

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The creation of a personal financial plan and doing your own personal financial planning is very difficult. We cover your mortgage, financial planning, taxes and tax planning, investing in stocks, bonds and mutual funds, investment planning, insurance planning.

We've got software and finance links to a lot of mutual fund companies as well as financial links to information that is critical to your finance planning needs. We actually plan your actions and build your income. So you that you can retire and enjoy life fully.

We do not sell financial products but we offer a "P**ersonal Financial Planning**" with milestones and solid results.

A key component of personal finance is financial planning, a dynamic process that requires regular monitoring and reevaluation. In general, it has five steps:

1. **Assessment**: One's personal financial situation can be assessed by compiling simplified versions of financial balance sheets and income statements. A personal balance sheet lists the values of personal assets (e.g., car, house, clothes, stocks, bank account), along with personal liabilities (e.g., credit card debt, bank loan, mortgage). A personal income statement lists personal income and expenses.
2. **Setting goals**: Two examples are "retire at age 65 with a personal net worth of $1,000,000" and "buy a house in 3 years paying a monthly mortgage servicing cost that is no more than 25% of my gross income". It is not uncommon to have several goals, some short term and some long term. Setting financial goals helps direct financial planning.
3. **Creating a plan**: The financial plan details how to accomplish your goals. It could include, for example, reducing unnecessary expenses, increasing one's employment income, or investing in the stock market.
4. **Execution**: Execution of one's personal financial plan often requires discipline and perseverance. Many people obtain assistance from professionals such as accountants, financial planners, investment advisers, and lawyers.
5. **Monitoring and reassessment**: As time passes, one's personal financial plan must be monitored for possible adjustments or reassessments.

Typical goals most adults have are paying off credit card and or student loan debt, retirement, college costs for children, medical expenses, and estate planning

The six key areas of personal financial planning, as suggested by the Financial Planning Standards Board, are:

1 - Financial Position: this area is concerned with understanding the personal resources available by examining net worth and household cash flow. Net worth is a person's balance sheet, calculated by adding up all assets under that person's control, minus all liabilities of the household, at one point in time. Household cash flow totals up all the expected sources of income within a year, minus all expected expenses within the same year. From this analysis, the financial planner can determine to what degree and in what time the personal goals can be accomplished.

2 - Adequate Protection: the analysis of how to protect a household from unforeseen risks. These risks can be divided into liability, property, death, disability, health and long term care. Some of these risks may be self-insurable, while most will require the purchase of an insurance contract. Determining how much insurance to get, at the most cost effective terms requires knowledge of the market for personal insurance. Business owners, professionals, athletes and entertainers require specialized insurance professionals to adequately protect themselves. Since insurance also enjoys some tax benefits, utilizing insurance investment products may be a critical piece of the overall investment planning.

3 - Tax Planning: typically the income tax is the single largest expense in a household. Managing taxes is not a question of if you will pay taxes, but when and how much. Government gives many incentives in the form of tax deductions and credits, which can be used to reduce the lifetime tax burden. Most modern governments use a progressive tax. Typically, as your income grows, you pay a higher marginal rate of tax. Understanding how to take advantage of the myriad tax breaks when planning your personal finances can make a significant impact upon your success.

4 - Investment and Accumulation Goals: planning how to accumulate enough money to acquire items with a high price is what most people consider to be financial planning. The major reasons to accumulate assets is for the following: a - purchasing a house b - purchasing a car c - starting a business d - paying for education expenses e - accumulating money for retirement, to generate a stream of income to cover lifestyle expenses.

Achieving these goals requires projecting what they will cost, and when you need to withdraw funds. A major risk to the household in achieving their accumulation goal is the rate of price increases over time, or inflation. Using net present value calculators, the financial planner will suggest a combination of asset earmarking and regular savings to be invested in a variety of investments. In order to overcome the rate of inflation, the investment portfolio has to get a higher rate of return, which typically will subject the portfolio to a number of risks. Managing these portfolio risks is most often accomplished using asset allocation, which seeks to diversify investment risk and opportunity. This asset allocation will prescribe a percentage allocation to be invested in stocks, bonds, cash and alternative investments. The allocation should also take into consideration the personal risk profile of every investor, since risk attitudes vary from person to person.

5 - Retirement Planning: retirement planning is the process of understanding how much it costs to live at retirement, and coming up with a plan to distribute assets to meet any income shortfall.

6 - Estate Planning: involves planning for the disposition of your asset when you die. Typically, there is a tax due to the state or federal government at your death. Avoiding these taxes means that more of your assets will be distributed to your heirs. You can leave your assets to family, friends or charitable groups.

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