

Six Steps of Financial Planning

This month we will be diving into the essential steps of financial planning specifically tailored for individuals. A solid financial plan is crucial for achieving your goals, securing your future, and making informed financial decisions. So, let's explore the six key steps financial advisors follow when helping clients:



Step 1- Establishing and defining the professional relationship:

The foundation of any successful financial plan lies in understanding your unique financial goals, and risk tolerance. Your advisor will take the time to build a strong professional relationship with you, providing you with information about themselves, their competencies, and services they offer and ensuring that they grasp your objectives and financial aspirations.

Step 2- Gather information and determine goals:

Your advisor will collect comprehensive information about your financial situation. By examining your income, expenses, assets, liabilities, and tax details, they will gain a thorough understanding of your current financial standing. The main thing is to identify the client's goals, needs and shortfall in order to provide appropriate advice.

Step 3- Analysing and evaluating your financial status:

With the collected data in hand, your advisor with the help of a financial needs analysis tool will conduct a detailed analysis of your finances. They will evaluate your cash flow, net worth, investment performance, and insurance coverage, identifying areas that require attention or improvement.

Step 4- Developing and presenting the financial planning recommendations:

Based on their analysis and your financial goals, your advisor will create a tailored financial plan. This plan will encompass a wide range of considerations, including investment strategies, retirement planning, tax optimization, risk management, and estate planning, all customized to suit your circumstances.

Step 5- Implementation of the proposed recommendations:

Once you approve the financial plan, your advisor will assist you in putting the strategies into action. This may involve opening investment accounts, adjusting asset allocations, setting up insurance policies, and making any necessary changes.

Step 6- Monitoring the recommendations and reviewing the plan:

Your advisor will continue to monitor your progress, providing updates on the plan's performance and suggesting adjustments as needed and will review the plan with you annually or whenever there is a change in circumstance in a client's life.

Remember, financial planning is an ongoing process. Regular reviews with your advisor are essential to ensure your plan remains in line with your evolving circumstances and goals. Your advisor will be there to guide you, support you, and help you make informed decisions along your financial journey.

At Ngobese and Associates Financial Services, our team is here to assist you in achieving financial success.

Sincerely,

Ngobese & Associates Financial Services Team

