

# WHAT'S YOUR financial plan



**W**hatever your financial goals in life – whether they include buying a new house, taking a trip to Europe, funding your children’s college educations, having enough money for

a comfortable retirement, or all of the above – you’ll find them easier to reach if you do some planning. Here’s an action plan to put you in control of your financial life.

## A nine-step action plan

**1 Take a financial inventory.** Determining your net worth is the starting point for everything else you do in financial planning. Use the form below to arrive at your net worth. Then ask yourself the following questions:

- Does your net worth statement reflect a preference for personal spending (such as cars, jewelry, and recreational items) rather than investments that will increase in value or produce income?
- Do you have too much debt, especially for personal consumption?
- Do your assets show proper investment diversification?
- Will you have money in retirement?

**2 Next, set your financial goals.** These should include both near-term goals such as protection against job loss, illness, or other disaster and longer-term goals for retirement or your children’s education.

**3 Develop strategies to achieve your goals.** Come up with a one-year plan, a three-year plan, and a five-year plan – even longer if you can anticipate that far ahead.

The secret is to save regularly, no matter how little you put aside each month. Be sure to take advantage of all your tax-deferred opportunities to save, such as retirement plans.

**4 Review all of your investments** – those in your retirement plan as well as your other investments. Do your investments fit your current financial situation, age, and risk tolerance? Are you properly diversified over a range of investment categories? Don’t overlook the tax ramifications if you decide to switch investments.

**5 Use the tax law to your advantage.** Keep records so that you get all the deductions and credits to which you are entitled. Be sure not to overpay your taxes through excessive withholding because you like getting a big refund. You’re actually lending your money to the government interest-free when you could be investing it yourself.

**6 Carry the right insurance,** which means, very simply, be adequately insured on your possessions, your life, and your health without being over-insured.

**7 Make a will.** It’s estimated that two-thirds of all Americans do not have a will. This very essential document is necessary if you have assets that you want to go to particular individuals upon your death. If you have minor children, your will should name guardians for them in the event that something happens to you and your spouse.

**8 Put your plan into action.** A plan is no good if it lies in a drawer. Once you’ve decided what you need to do, whether it be cutting expenses, opening a retirement account, or rebalancing your investment portfolio, do it.

**9 Review your financial program annually.**  
 Measure your progress toward your one-year, three-year, and five-year goals. Make adjustments as needed. If at some point you change your lifestyle or your family situation, you may need a major overhaul of your financial plan.

Don't think of financial planning as something you do once and then forget it. Think of it as an on-going process that needs regular review and fine-tuning. For assistance in establishing or reviewing your financial plan, give us a call. We're here to help you.

## Net Worth Statement

Name \_\_\_\_\_ Date \_\_\_\_\_

**▶ ASSETS** (what you own)      Estimated Current Value

Cash	
Checking account	\$ _____
Savings account	_____
Money-market account	_____
Other	_____
Securities	
Stocks	_____
Bonds	_____
Mutual funds	_____
Other	_____
Real estate	
Residence	_____
Other real estate (list) –	_____
Business interests (list) –	
_____	
_____	
Retirement funds	
Pension plan at work	_____
Annuity	_____
Other retirement plans	_____
Life insurance, cash value	
_____	
Personal property	
Automobiles and other vehicles	_____
Household furnishings	_____
Boat, plane, recreation vehicle, etc.	_____
Antiques, collectibles, art	_____
Other	_____
Other assets (list) –	
_____	
_____	
<b>Total assets</b>	<b>\$ _____</b>

**▶ LIABILITIES** (what you owe)      Amount

Current bills	
Credit cards	\$ _____
Charge accounts	_____
Medical and dental	_____
Other (categorize and list) –	_____
_____	
Taxes	
Income	_____
Real estate and personal property	_____
Other	_____
Mortgages	
Residence	_____
Other property (list) –	_____
_____	
Loans	
Auto	_____
Home improvement	_____
Education	_____
Life insurance	_____
Other (list) –	_____
_____	
Other liabilities (list) –	
_____	
_____	
<b>Total liabilities</b>	<b>\$ _____</b>
<b>▶ NET WORTH</b>	
Total assets	\$ _____
Minus total liabilities	\$ _____
<b>Equals your current net worth</b>	<b>\$ _____</b>



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