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 -169.23 (-1.23%)

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# I Went to 4 Finance Pros for Their Best Advice: Here's the Ultimate Financial Planning Guide

**Sam DiSalvo**

June 20, 2023 · 5 min read



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I recently got a promotion and figured it was a great time to start really [hashing out my finances](#). I wanted to make a financial plan of some kind, but wasn't sure where to start. When I reached out to experts on the matter, many of them referenced the six steps in the financial planning process, according to the Certified Financial Planner Board of Standards. [Here's what those steps are and how the experts suggested navigating them.](#)

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## What Are the 6 Steps in the Financial Planning Process?



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<b>XOM</b> Exxon Mobil Corporation	105.44	-1.47	-1.37%
<b>NAPA</b> The Duckhorn Portfolio, Inc.	12.57	-0.08	-0.63%
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- Understand personal and financial circumstances



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- Identify and select goals



- Analyze the current course of action



- Develop and present financial planning recommendations



- Implement the financial planning recommendations

- Monitor progress and update

I personally needed all the help I could get, but you might be further along in planning and realize you've already accomplished some of these.

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## Step 1: Understand Personal and Financial Circumstances

The first thing I did was take stock of what my life looked like in terms of money. Jenna Biancavilla is a wealth advisor and owner of [Pearl Capital Management](#). She says you can start to understand how you're doing by taking a look at your budget and cash flow.

"This knowledge not only empowers you in making financial decisions but also helps differentiate between essential needs and discretionary wants. Your budget forms the foundation for calculating your emergency fund (three to six months' worth of expenses) and determining the amount needed to achieve financial freedom, also known as retirement."

## Step 2: Identify and Select Goals

When thinking about your goals, Joseph Doerrer, VP of wealth planning at [Mezzasalma Advisors](#), says you don't have to think of them in terms of finances. "Individuals I'm working with will often share with me a goal for their life that's not strictly financial, but there's a financial strategy that will come to me that I can use to match to that goal to make it more attainable."

Here are some common financial goals that you might consider:

- Buy a house
- Pay for your children's college education
- Go on a dream vacation



Get out of debt

Choose goals that resonate with you and that you would be excited to accomplish.

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*I'm a Financial Planning Expert: [Here Are 5 Things You Should Never Spend Money on If You Want To Be Rich](#)*



### Step 3: Analyze the Current Course of Action



Now that you have your goals set, you have to figure out how to accomplish them. You might decide to pick up a side job, or adjust your budget so you can meet your goals. Sort your goals into the following groups:

- Short-term goals that you can meet in less than three years
- Midterm goals that you can achieve in three to 10 years
- Long-term goals that take longer than 10 years to reach

Then choose the best saving or investing vehicle for each of these goals. Liquid investments — savings and money market accounts, Treasury bills and some certificates of deposit — can be a good choice for short-term and some midterm goals.

The longer you have to save, the more risk you should be able to take. Long-term investments — stocks, mutual funds and stock exchange-traded funds — are better reserved for long-term and some midterm goals.

The tricky part is figuring out future costs. You may need to use some tools to do this, such as a financial calculator. For example, the College Board offers a cost calculator to help you estimate the cost of paying for college for your children.

Similarly, you can use a retirement calculator to estimate how much money you should put aside to maintain your lifestyle in retirement.

### Step 4: Develop and Present Financial Planning Recommendations

I reached out to financial planning professionals to help me assess my finances and get me going in the right direction. I think asking a professional for help can be really beneficial, but make sure you know what you want out of the interaction before you go in.

“Engage with a professional, or team of professionals, to put together a plan. But remember, your voice matters. Your money, your goals. Your



Here are some to consider:



- Professional organizations, such as [NAPFA.org](https://www.napfa.org), maintain lists of fee-only financial planners who have met certification requirements.



- Groups like the [Yellow Ribbon Network](#) and [Foundation for Financial Planning](#) connect people with free and low-cost financial planning services.



- The U.S. government offers financial advice and resources on several sites, including the [U.S. Securities and Exchange Commission](#) and [Consumer.gov](#).



There's no better time than now to create a financial plan. Out of all the personal financial planning steps, getting started is the most important. Once your plan is established, monitor its progress so you can adjust it as needed.

## Step 5: Implement the Financial Planning Recommendations

Making a sound financial plan doesn't work if you don't take the advice you're given. You have to put the plan into action.

"Once the recommendations are finalized, this step involves putting the plan into action by executing various strategies, which may include adjusting investment portfolios, setting up retirement accounts, creating emergency funds and implementing appropriate insurance coverage," said Mark Reimet, CFP at [Ocean City Financial Group](#).

## Step 6: Monitor Progress and Update

Remember, your financial plan is a work in progress. Go back and revisit it at least once a year or whenever something significant happens in your life.

Here are the most common life events that signal it's time to reevaluate your plan:

- Marriage
- Divorce
- Birth or adoption of a child
- Death of a family member
- Job loss



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*Karen Doyle also contributed to the reporting for this article.*

This article originally appeared on [GOBankingRates.com: I Went to 4 Finance Pros for Their Best Advice: Here's the Ultimate Financial Planning Guide](#)

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**David**

20 June, 2023

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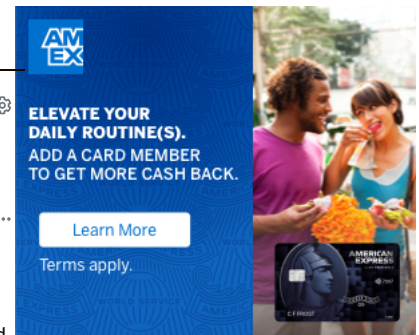
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