PLANNING YOUR FINANCIAL FUTURE

Want financial security in your future? Start planning now

Do you have a financial plan that will help you send your kids to college, take the trips you've dreamed about, and enjoy your golden years? If not, you may want to start planning now.

Creating a financial plan may help you avoid the financial insecurity experienced by more than 15 million Americans aged 65 and older (approximately one-third of America's older adults) who rely on incomes of $27,180 a year or less, according to The National Council on Aging (NCOA). They struggle with rising healthcare bills and housing costs, poor nutrition, lack of access to transportation, and more. Even older adults who aren't considered financially insecure may have difficulties meeting their monthly expenses—especially if they suffer a major adverse life event.

Planning ahead is one of the best ways to avoid or minimize the chances of this happening in your life. Set goals, and plan your route for achieving them. The earlier you start, the better off you'll be.

How to start creating your financial plan

Creating a road map of financial goals should include short-term, intermediate, and long-term goals. While a lot of people think about what they'd like to have at different stages of life, not many of them have an actual plan to reach those goals. Schwab's 2021 Modern Wealth Survey found that only 33% of Americans have taken the time to create a written financial plan. The other 67% said they didn't have time to develop a plan—or they didn't have enough money to bother making a plan.

Getting started on a financial plan doesn't necessarily take a lot of time or money, though. You can start with small steps, which add up and can get you closer to your goals. Recommendations include:

- **Review your spending and create a budget.** By looking more closely at your credit card and bank statements, you may discover that you're overspending in some categories that don't matter as much to you as they once did. Increasing your awareness of where your money is going may inspire you to eliminate or spend less on products or services that aren't essential or fully utilized.

- **Reduce expenses where possible.** Be mindful of your spending habits to see where you can cut back. Even small changes add up. Maybe you can shave off some expenses by packing your own lunch instead of ordering takeout, for example, or by taking steps to reduce or eliminate overdraft fees or other banking expenses.
- **Make reducing debt a priority.** Interest charges can add up quickly, so do what you can to decrease what you owe.
- **Donate or sell what you're not using anymore.** If you have antiques in your attic, an older computer you're not using, books you'll never read again—or something else—consider selling or donating them. Selling brings in extra cash, and qualified donations to charities are tax deductible.
- **Create an emergency fund.** If you don't already have funds set aside for emergencies, try to contribute a set amount every week to a savings account so you can be better prepared. A $20-per-week contribution, for example, will add up to $1,040 per year (not including interest).
- **Work with a financial professional.** Saving money and cutting back expenses is a great start, but a financial advisor can help you determine if you're saving enough—and what might be the best investments to help you address your financial goals.