



COMMON FINANCIAL PLANNING MISTAKES

Samuel D. Swisher, JD, CFP®

JUNE 2009

“What are the most common mistakes clients make before utilizing Vantage’s services?” We get asked that a lot. We offer the following so you can avoid these pitfalls before it is too late.

SEEKING HELP TOO LATE

All too often, it is easy to ignore financial strategies early in our careers. New Vantage clients are frequently within a year of retirement, and they are concerned about getting their financial house in order. This is admirable, although it is too late for mid-course corrections. While there are certainly many ways to help such people transition into retirement, their financial assets are already mostly in place.

Advice: Seek the help of a financial planner sooner rather than later for diagnostic and corrective counsel.

IMPROPER ASSET ALLOCATION

Most clients who seek help shortly before their retirement have a substantial retirement plan balance. However, many of them have neglected to properly allocate their investment choices into a broad and diversified portfolio. Through retirement modeling, it is possible for them to see that a change of only 1% in the annual rate of return can define the difference between a healthy retirement nest egg and the necessity of a part-time job later in life. A portfolio should also be rebalanced at least annually to restore the original diversification benefits. This also applies to outside investments.

Advice: Pay attention to your overall investment allocation and rebalance it at least annually.

FAILING TO PLAN FOR RETIREMENT

Many clients are so focused on the current demands of their everyday lives that they fail to give thought to how they plan to retire. How

involves forecasting: where they are likely to live, whether either spouse plans to work full or part-time during retirement years, what financial budget is needed to support their current lifestyle, etc. By taking a big picture approach and not getting overly caught up in details, clients can assess the feasibility of their plan, and save and invest accordingly.

Advice: Take time to explore the big picture with your spouse and discuss how to retire.



AN OUT-OF-DATE ESTATE PLAN

It is surprising to find how many conscientious and successful clients do not have up-to-date estate plans. This often-neglected area needs to be moved to the top of the priority list. Some clients sheepishly confess their Wills were made at the birth of their first child, many years prior. Others first made original plans in community

This article is published by
Vantage Financial Partners
Limited.

Any reproduction without
written permission is
prohibited.

Copyright 2009

property states, but then later moved to a common law state, or vice versa. When an Executive Advantage client meets for the second time with their Relationship Manager, an estate-planning attorney can also be invited in order to cover this important concern. It would be tragic if something were to happen to you or your spouse without adequate provisions in place.

Advice: If your estate plan is not current, run (don't walk) to your nearest estate planning attorney's office.

NOT UPDATING BENEFICIARIES

Although inheritance strategies are established by a current estate plan, that plan can be frustrated if proper beneficiaries are not named for company benefit plans or insurance

policies. For example, if your estate plan calls for life insurance proceeds to be inherited by your children, but you failed to change an earlier beneficiary designation of your wife, she will inherit the proceeds instead. Incorrect beneficiaries can be a serious or estate-tax-expensive mistake.

Advice: Check your beneficiary designations periodically.

INCORRECT LIFE INSURANCE

If your children are either in the process of achieving college degrees or have completed them, your financial obligations to them may be, in large part, completed. The life insurance you bought to protect your family should you pass away may be more than you need.

Young families with few assets and plenty of future earning years may find they need more life insurance than they currently have until their children and retirement assets have grown.

Advice: Check your life insurance protection to see if you are over-insured or under-insured. Make adjustments as needed.

Hopefully this information will educate and encourage you to avoid unnecessary mistakes and consider purposeful decision-making. Please contact your Vantage Relationship Manager if you have questions.

VANTAGE NEWS

Another new member has joined our team: Kyle Rohrwasser! Yes, that name should sound familiar since our own Michael Rohrwasser is Kyle's father. The next time you're in our office you may notice the familial resemblance. We are glad to have Kyle working on various important projects during the summer months, and in the process, enjoying the satisfaction of work brought to completion. At the end of the summer he will continue his pursuit of a bachelor's degree in finance as a sophomore at Illinois State University. During his non-working hours Kyle likes to play golf, hang out with friends, and eat at Taco Bell.

We'd like to extend congratulations to Maria Saravia, our Administrative Associate, who has been blessed with a new granddaughter. Her daughter and son-in-law, Ciara and Chris Stastny, have brought into this world a beautiful new girl named Rebecca...all are healthy!

Sam Swisher recently attended the two day 52nd Annual Estate Planning Conference in Chicago. This is the "granddaddy" of estate planning conferences and had many nationally recognized speakers. Now he hopes that the Obama administration will retain the current \$3.5 million per person estate tax exemption.

Financial planning and investment advisory services are offered through Vantage Financial Partners Limited. Securities are offered through LPL Financial, Member FINRA/SIPC.

This information is not intended to be a substitute for specific individualized tax, legal or investment advice. We suggest that you discuss your specific financial & legal issues with a qualified advisor.

Asset allocation does not ensure profit, nor protect against loss.

To subscribe or unsubscribe please visit our website at www.vantagefinancial.com/subscribe.