



Why You Need an Evolving Financial Plan

Financial planning is not a set-it-and-forget-it activity. Rather, financial plans are ever-evolving based on your changing life circumstances. Your goals and priorities may shift as your career evolves and big changes like marriage, having a child, or getting a new job may warrant adjustments to your long-term plan.

Here is a look at the situations that may call for revisiting financial goals and steps to consider to adjust your long-term plan.

Changes in the family

Marriage, divorce, the birth of a child, or a death in the family are all major life events that have an impact on your finances. When any of these events occur, it can be helpful to sit down with a financial advisor to revisit your plan.

For example, marriage may mean you combine finances with your partner and start saving for retirement and other goals with a dual income. It may also mean that you are taking on your partner's debt or other financial obligations, which could have a big impact on your ability to reach your objectives.

If you get divorced, you may need to adjust your plans to reflect a single source of income and look for ways to make up for any savings as you and your ex separate assets.

After the birth of a child, consider starting a college savings plan that provides tax-advantaged growth to help you save for education expenses.

Changes at Work

A significant change to your income, whether from job loss, furlough, a big raise, or a move to a different career, should trigger a financial check-in.

If you get a new job with a significant bump in pay, for example, you may be able to save more in retirement or taxable accounts. Or you can use the extra income to pay down debt. What's more, your new employer may offer a different set of benefits, such as new retirement plan options, that can impact how you save.

Job loss may mean that you need to dip into your emergency fund while you get back on your feet. You'll need to come up with a plan to replace the money. You also may need to reassess your spending and determine where to scale back to continue meeting your savings goals. For example, you may no longer be able to afford pricey gym memberships or frequent vacations.

A decrease in income—perhaps due to a move to part-time work—may require you to reimagine your retirement if you aren't able to save as much as you once planned for. Find ways to trim retirement expenses, such as downsizing to a smaller home.

Shifting needs and goals

As you grow and change it's natural to assume that your goals, needs, and priorities will as well.

For example, as you near retirement age, your financial needs may shift from accumulating wealth to protecting your assets. This likely means reallocating portions of your portfolio into more conservative investments, such as bonds, to help shield your portfolio from risk.

It's possible you'll also change your mind about certain goals over time. Maybe you were initially planning to move to a state with a lower cost of living when you retire, but now you have grandkids nearby you want to stay close to. This change of heart may mean reassessing your estimated expenses in retirement and adjusting your savings accordingly.

In addition to revisiting your financial plan during major life events, set up regular check-ins at least annually to keep up with your current goals. A financial advisor can help you take an in-depth look at your goals and finances and determine the steps you need to take to reach your financial goals.

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