What Is a Comprehensive Financial Planning Checklist?

The best way to approach your finances is to develop a comprehensive financial plan with a financial advisor. The purpose of such a plan is to work toward your goals given the resources available. But the development of a robust financial plan requires input from you – and it requires that your financial advisor has a deep understanding of what matters most to you and your family

To provide your financial advisor with information, think in terms of a financial planning checklist you’ll both go over. To that end, you need to gather specific information before meeting with an advisor.

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### The Elements of a Comprehensive Financial Plan

Far too many people view financial planning as simply investment management, but in fact, a comprehensive plan contains six elements. They are:

* **Current budget and cash flow** – an overview of your monthly income and expenses, and an analysis of current spending and how spending patterns may change in the future
* **Investments** – organization of your investment accounts; understanding of risk tolerance and comfort; buildup of emergency funds, savings for intermediate-term goals (such as down payment on a home), review of non-retirement accounts and more
* **Retirement savings** – how much you’ve saved for retirement and in which type of accounts; and making sure you have enough spending money once retirement begins
* **Educational and family savings** – education savings for children, grandchildren and, if you may be supporting an older family member, funds for family support
* **Risk management** – life insurance for your family and insurance for property, such as home and car insurance; and protection planning against other “what-ifs” such as a disability or long term care event.
* **Estate planning** – wills, plans for disposition of your assets, powers of attorney for both your health and your finances if you should become incapacitated

Your financial advisor needs an overview of your economic picture and where you are right now in each of these categories. To that end, you’ll need to gather financial documents and bring them to your initial meeting. Here is a list of financial documents that you may be asked to bring:

* The first two pages of your Federal tax return, most recent year
* Your mortgage statement and current balance
* Your property, state and local tax statements
* Statements from all current investment accounts, such as CDs, savings accounts
* Statements from all current retirement accounts, such as 401(k)s, individual retirement accounts (IRAs) and more
* Social Security benefits, estimated (or statement, if you’re receiving benefits)
* Estimate of your annual contribution to investment accounts
* Estimate of your annual contribution to retirement accounts
* Most recent paystub
* Statement about other investments, such as investment property
* Statement of pension benefits, if applicable
* Statement of other employment benefits, if applicable (stock options, deferred compensation, etc.)
* Statement of any other income you expect to live on in retirement, such as income-producing property, inheritance, gifts, etc.
* Insurance policies (life, home, vehicle, boat)
* If you keep an itemized budget of your expenses, it can also be extremely helpful to have that
	+ If not, estimate your 1) annual healthcare expenses and 2) any unsecured debt service payments (credit card, student loan) you’re currently making

As should be clear from the list, these items provide 1) a snapshot of your current economic situation, 2) an estimate of what savings you forecast, 3) other income in retirement and 4) your risk management steps.

### Itemize Your Goals

As important as finances are, they aren’t the only component in a financial plan. The other primary element is your goals. The purpose of a [comprehensive financial plan](https://prismplanningpartners.com/comprehensive-financial-planning/) is to help you achieve your goals.

The first step in achieving your goals is knowing concretely what large life goals you have. Are you saving to buy a house, for example? If you already have a house, do you want a second, vacation property? Do you expect to have children (if you currently don’t)? If you do, do you expect to have more? Would you like to start a business at some point? What type of business? When do you plan to retire? What would you like to do in retirement? Travel? Live in a vacation spot? Start a business at that point? Start a charitable foundation?

It’s helpful to think of your goals as you review each of the comprehensive financial planning categories. Some goals may require adjustments in some of these categories, while others just mean you need to keep on your current path.

Here are some questions to help you think about your objectives in each.

#### *Current budget and cash flow*

Do you currently have unsecured debt? If so, is the interest rate on them the lowest it could be? Do you have a strategic plan for paying off this debt? How about your mortgage – is your interest rate the lowest it could be? Could you benefit from refinancing?

#### *Investments*

Do you differentiate between short-term and intermediate-term savings goals? Are some of your accounts earmarked for a home down payment, for example, and others earmarked for a vacation in five years? What is your asset allocation in these funds? When did you last review your asset allocation? Do know how risky these accounts are, and how comfortable are you with that level of risk?

#### *Retirement savings*

When and where do you want to retire? Are your current saving and estimates in line with those goals? Does your company offer matching retirement savings? Are you taking advantage of the matches, if so? What asset allocation do you keep your retirement funds in? When was the last time you reviewed the asset allocation? Are any adjustments needed? Is the asset allocation pegged to your time horizon vis-à-vis retirement?

#### *Educational and family savings*

Do you plan to save for your children’s college education? To support an elderly family member? Are the savings sufficient? How do you know? Do your children have their own savings accounts?

#### *Risk management*

Do you currently have life insurance? Would it be sufficient if needed? How do you know? Do you have disability insurance? Long-term care insurance? If you needed assistive living or long-term care in the future, how would you pay for it?

#### *Estate planning*

What is your main goal in [estate planning](https://prismplanningpartners.com/how-a-financial-advisor-can-help-you-with-estate-planning/)? Minimizing your taxes? Establishing a charitable foundation? Supporting existing charities? Providing for your family and other dependents?

Do you currently have a will? If so, when was it last updated? Does it reflect where you would want your assets going today? If you suddenly became physically incapacitated, would your family know your wishes for medical care and prolongation of life? How do you know? Who would be authorized to pay your bills and look after your assets if you were incapacitated?

These preparations will make your meeting and reviews with a financial advisor as productive and positive as possible.

At Prism Planning Partners, we are CERTIFIED FINANCIAL PLANNERS ™️ committed to facilitating important questions so that we can help you explore all of your opportunities. We offer a broad array of financial planning and consulting services for our clients-including estate planning.

[Contact us](https://prismplanningpartners.com/contact-us/) today and let us illuminate your possibilities!