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## How To Create Your Winning Financial Plan

**Dan Eggertsen:** Hello everyone. I'd like to welcome everyone to the call today. This is Dan Eggertsen. I'm here with my father Karl Eggertsen. How you doing today Dad?

**Karl Eggertsen:** I'm doing good Dan.

**Dan Eggertsen:** Well good. It's a nice day here and I just wanted to go through a few questions we've been getting from people in regards to financial plans. So are you ready to dig into these things and get these questions answered?

**Karl Eggertsen:** Sure let's go through those.

**Dan Eggertsen:** Okay. Well the first one that I'd like to cover and this was asked quite a few times by various people is, "I'd like to create a financial plan so that my family and I can be more secure in life but I'm not sure how to start. Can you help?"

**Karl Eggertsen:** Yeah. This is an extremely important thing to do. One way or the other, every individual and especially families need to address this to some extent.

**Dan Eggertsen:** Oh of course.

**Karl Eggertsen:** It is a very important step and it boils down to 'knowledge is power' especially of yourself and of your family's financial situation because like it or not, money is really key to getting the things we need in life and getting the things we would like to enjoy in life. If you don't have money, life is tough. If you don't have a good handle on your finances, even if you're making a good income, a good financial plan can help you make the best of it.

It's something that once you start it it's a lifelong process. Once you start it and you get it in place, it makes it a lot easier to go through life and navigate through all the different stages and changes in your life such as employment, marriage, homeownership, parenting, elder care, retirement, divorce, and the life and all the stops in between.

So those are the, it's really a lifelong thing that could be of great benefit to you. So based on your question how do you start. First you need to determine where you are. You need to, and

most people don't really know where they are. They never really sit down and add up all their debts and assets and have some feeling about where they are. You need to find that out first because that's point A.

Then what you want to do is to establish where you want to be in measureable terms. You know, for a first home, plan for a first home, college for kids, retirement, and have these in terms of an estimate of how much it's going to cost in today's dollars and knowing that there's going to be inflation but at least you have to start with what you know the value of the dollar is right now and time. How many years in the future and how much money are you going to need for each of these goals. Then from there you can develop a road map.

**Dan Eggertsen:** How to get there.

[03:28.3]

**Karl Eggertsen:** To get from point A to your points B, C, D or whatever your goals are. There's probably going to be more than one goal in your life. There probably has to be more than one goal in your life. So it allows you then to develop a road map. That road map's going to include things like investing and managing risk and insurance, handling debt and credit, planning for retirement and estate planning.

**Dan Eggertsen:** Right, right.

**Karl Eggertsen:** So to the question of where do you start, you've got to determine where you are and then you need to start thinking in measureable terms about what you're going to need to meet the goals that you have in your life as you go through the stages of your life.

**Dan Eggertsen:** Okay and then once those things are defined then you would go about figuring out how you're going to get there and that's when you enlist the help of an educator like yourself or some other resource to help you define how you're going to get there, right?

**Karl Eggertsen:** Exactly.

**Dan Eggertsen:** Yeah. Okay. Let's move on to question number two. "Where would you recommend I go to find someone to help me create a financial plan?" What are the options people have to get one of these things created, a road map, how to get there?

**Karl Eggertsen:** Yeah. Right. The way to start would be - there's a number of ways - the first would be pretty obvious. A lot of people have trusted friends and associates - most of us do - and get their recommendations. If they have been through this process, if you have a friend or associate that's had a really good financial planner that's worked with them to develop a plan and if you get those recommendations then you can interview for yourself and do some research yourself. You don't want to take anybody's word carte blanche and throw your life's financial plan and money into their hands until you really research it yourself too.

**Dan Eggertsen:** Right.

**Karl Eggertsen:** It's also very important to find out if you're compatible with them. Somebody else may be compatible personality-wise and be compatible with the style of the individual, you know how they invest and how they work with you but you need to find somebody that works good for you. But you could start with trusted friends and associates.

Another way to go is with trusted professionals for example, your tax accountant the CPA or the tax advisor that works with you, estate planners, insurance agents, investment advisors, and brokers. Some of these people can actually have some of the right education experience to help you to a certain extent in some areas of a financial plan, if not all of it.

**Dan Eggertsen:** Right.

[06:11.0]

**Karl Eggertsen:** But if you don't have somebody that you're completely comfortable with then you could ask them for their recommendations for a focused, you know certified financial planner. That's really ideally, if you've got the right individual that's really the best person to help you with financial planning because that's what they focus on.

**Dan Eggertsen:** Right, right. Sure.

**Karl Eggertsen:** These other guys, insurance agents, estate planners, accountants, you can see they're all pieces of what would go into a financial plan but unless they have the right education and experience in an overall sense, you need to look at somebody who's more focused on financial planning.

**Dan Eggertsen:** Right.

**Karl Eggertsen:** So that's two. You can talk to trusted professional. They might have some recommendation on a good financial planner. Again, you can check them out if indeed you get some recommendations from either friends or from trusted professionals that already work with you. But barring finding somebody that way, or in addition to trying some of your, you know interviewing some of your friends or professionals' recommendations, there's an organization that is called the NAPFA.

**Dan Eggertsen:** Yes.

**Karl Eggertsen:** NAPFA is an organization that is focused entirely on providing certified, fee only comprehensive financial planners. They screen them and they focus entirely on providing top quality, trusted, fully qualified financial planners. And they're all over the nation.

**Dan Eggertsen:** Right.

**Karl Eggertsen:** They have, you can go on the website. It's the National Association of Personal Financial Advisors. It's NAPFA, N-A-P-F-A.org. They're recognized nationally as the

top organization to locate and find people in your area, or anywhere in the nation, wherever you live in the nation all you need to throw in is your city, your state, and your zip code and you can find planners within 10 miles, 20 miles, 30 miles, I mean you can actually dial in how far away you're willing to drive.

If you live in a rural area where there may not be a lot of advisors around, you know a lot of financial planners around, you may have to go further but you can find, in our area where we live, there is a lot of financial planners. You can get them within 10 or 20 miles easy, a number of them and you can make a choice. You can actually research them to some extent before you actually talk with them so the website's tremendous. What you want to do is you want to make sure when you do pick a few to talk with, talk to them on the phone first. Ask the basic questions. How they get paid, what their background is. Have them give you some references, ask them how they get paid, have they ever been disciplined.

[09:40.5]

**Dan Eggertsen:** Right.

**Karl Eggertsen:** What's their track record? You want to tell them that you want to be in full charge of your money. In other words you want to keep your money wherever – whether you're with Charles Schwab or Fidelity or whoever you're with – you want to keep your money in your own brokerage account and you want to use them as an advisor but you will make the final decision after they give you recommendations.

In other words, you want to be in control over your own money but you want to use them as advisors after they develop a financial plan for you. In fact, you could work with them this way. You could do a phased approach. You could say, "Okay. Develop me a financial plan and if I'm happy with it and if I'm happy with the way we work together and everything. Then you could decide if the second phase is going to occur or not and that would be some periodic review and advice given by them to you over the years.

**Dan Eggertsen:** Right, right, right.

**Karl Eggertsen:** So you could do it in a phased approach. But you want to check them out first on the phone and on the Internet and then you could go forward and actually sit down and talk with them and see how it goes at that point. Then you can make your decision.

**Dan Eggertsen:** Now real quick, we've been talking about trying to find someone to help create a financial plan which is what the question was but I wanted to ask a related question to this, just for myself. Is this rocket science? I mean can someone create a financial plan for themselves, by themselves? I mean is it that complicated?

**Karl Eggertsen:** If you have the discipline and if you have the time and if you're comfortable with numbers and if you can stick with it. There're all those elements that come into it. Really a person with the right information and right motivation and discipline and the right skills; mathematical skills primarily and being able to problem solve. It's not rocket science.

**Dan Eggertsen:** So would you say that if someone can multiply, divide, have basic arithmetic skills, have the right information and know what they want; their goals and all those things. Do you think they're perfectly capable of doing this on their own as long as they have the right guidance in terms of information?

**Karl Eggertsen:** Yeah it's really a complicated question because this can be – it's not rocket science and it can be done by individuals if they have the right attributes and the right background. It gets into a long list of things including their emotional makeup. Investing in markets like we've been in, there're some people just can't handle it. When things fall apart and they get emotional, sometimes they can make very bad decisions for themselves and regret it later.

**Dan Eggertsen:** Right.  
[12:40.3]

**Karl Eggertsen:** So I think there're a lot of elements that go into it but I think the people with the right attributes, the right background and the right attributes and having a knowledge of the basic principles of financial planning and investing and managing money and have an interest in it. Oh yeah it's important to have an interest in it too. But it's a very complicated question Dan.

Some people, maybe most people because of a lack of time, a lack of interest, a lack of mathematical, you know numbers, being able to work with numbers well or they don't like. There's just a whole myriad of things that you'd have to check off and I think most people are probably better with some advisors to try to, you know when you get scared because of market problems, or you have a financial issue within your family or some problems, some people need some hand holding.

So it could be just hand holding or it could be they lack some of the skills, interest, or the time or a whole myriad of other things that need to be considered. But that's a hard question to answer but yes, it's possible for an individual to do it.

**Dan Eggertsen:** Okay. Let's move on to the third and final question. "Now what is a financial plan exactly and what does it include?" So what are all the components of something? When the financial plan is completed, what are you looking at? What do you see?

**Karl Eggertsen:** Okay what you're looking at, and this is probably not going to be totally comprehensive in the list I give but this is giving some of the core things that would be in a good financial plan. One is your goals. Okay? Number two is your debts and assets; correlates to net worth. Okay?

Cash flow, budget, investment plan and educational plan – like for college for your kids, retirement plan, use of and management of credit and debt – it's a very important thing in wealth accumulation and management, tax planning strategies, will, and an estate plan. Those would be some of the key things. As you can see, it's got a mix of insurance, it's got a mix of – in fact I don't know that I mentioned insurance – but insurance and risk management is another element of that whole thing; is insurance and risk management.

**Dan Eggertsen:** Right.

**Karl Eggertsen:** Okay? So you've got a mix of insurance, you've got a mix of budgeting, you've got a mix of investing, you've got a mix of retirement planning, you've got a mix of tax aspects, you've got estate planning in here; a whole variety of things. That's why it's called a financial plan because it's bringing in all the elements that your CPA does for you, an investment advisor would do for you, that an insurance agent would do for you, that an estate attorney would do for you. All of that gets folded into a financial plan and that's why it's probably in most cases best to focus on a guy who's credentialed, is a certified financial planner, and has been screened through an organization like NAPFA. Because they make sure that the people that they have on their website that they are offering out to the public are trusted people with good records and they are fully qualified.

**[16:29.9]**

**Dan Eggertsen:** All right. Well that pretty much covers it I think Dad. Anything else you wanted to add or do you think we hit all these spot on?

**Karl Eggertsen:** I think that we hit answers to the questions and I think they're very good questions that people have been asking about financial planning and the ones that you asked over the phone that were a reflection of what people have been asking. I think we answered those questions. Of course there's a lot more that could be said, a lot more detail but I think that the main things have been covered.

**Dan Eggertsen:** I agree with you Dad. Great job. I think everyone got a lot of value out of this call and I want to thank everyone for their time and thank you for your time too Dad.

**Karl Eggertsen:** Okay Dan.

**Dan Eggertsen:** We'll talk again soon.

**Karl Eggertsen:** Okay. Bye.

**Dan Eggertsen:** Bye. All right Dad. Great.

**[17:21.1]**