

Financial Planning--Helping You Achieve Personal Financial Success

I've written many times about the business side of medicine that now is the time to talk to you about the personal side of medicine. I find many professionals do a great job managing their business affairs but most really stink at managing their personal financial affairs. This is where some good old fashioned financial planning can help. Financial planning is a process that can help you reach your goals by evaluating your whole financial picture, then outlining strategies that are tailored to your individual needs and available resources.

So why is financial planning important?

A comprehensive financial plan serves as a framework for organizing the pieces of your financial picture. With a financial plan in place, you'll be better able to focus on your goals and understand what it will take to reach them. Here are the most common goals I see that are important to physicians and other healthcare providers today:

- Minimizing income taxes
- Saving and investing for retirement
- Maximizing my investment portfolio
- Saving and investing for college
- Establishing an emergency fund
- Making sure I'm adequately insured
- Providing for my family in the event of my death
- Having the ability to transition away from my medical practice (When I want to)

The financial planning process

Creating and implementing a comprehensive financial plan generally involves working with financial professionals to:

- Develop a clear picture of your current financial situation by reviewing your income, assets, and liabilities, and evaluating your insurance coverage, your investment portfolio, your tax exposure, and your estate plan
- Establish and prioritize financial goals and time frames for achieving these goals
- Implement strategies that address your current financial weaknesses and build on your financial strengths
- Choose specific products and services that are tailored to meet your financial objectives
- Monitor your plan, making adjustments as your goals, time frames, or circumstances change

Some members of the team

The financial planning process always involves the team concept. The following individuals should always be a part of your financial team:

Financial planners typically play a central role in the process, focusing on your overall financial plan, and often coordinating the activities of other professionals who have expertise in specific areas.

Accountants or *tax attorneys* provide advice on federal and state tax issues.

Estate planning attorneys help you plan your estate and give advice on transferring and managing your assets before and after your death.

Insurance professionals evaluate insurance needs and recommend appropriate products and strategies.

Investment advisors provide advice about investment options and asset allocation, and can help you plan a strategy to manage your investment portfolio.

The most important member of the team, however, is YOU. Your needs and objectives drive the team, and once you've carefully considered any recommendations, all decisions lie in your hands.

Why can't I do it myself?

Are you serious? Do you think you really have the time, energy, and knowledge to do it yourself? Well I guess you can but developing a comprehensive financial plan may require expertise in several areas. A financial professional can give you objective information and help you weigh your alternatives, saving you time and ensuring that all angles of your financial picture are covered.

Stay on track

The financial planning process doesn't end once your initial plan has been created. Your plan should generally be reviewed at least once a year to make sure that it's up-to-date. It's also possible that you'll need to modify your plan due to changes in your personal circumstances or the economy. Here are some of the events that might trigger a review of your financial plan:

- **Your goals or time horizons change**
- **You experience a life-changing event such as marriage, the birth of a child, health problems, or a job loss**
- **You have a specific or immediate financial planning need (e.g., drafting a will, managing a distribution from a retirement account, paying long-term care expenses)**
- **Your income or expenses substantially increase or decrease**
- **Your portfolio hasn't performed as expected**
- **You're affected by changes to the economy or tax laws**

Please do this for me

Don't wait until you're in the midst of a financial crisis before beginning the planning process. The sooner you start, the more options you may have. Just remember that timeless proverb: "People don't plan to fail, they just fail to plan."

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