

Is It Time to Stop Procrastinating About Your Financial Plan?

Don Akridge, MBA, CFP®, CPA/PFS
U.S. Marine Corps Veteran – Emory University Alumnus

Some things to think about as you get started with your strategy. First, look at your expenses and your debt. Review your core living expenses (such as a mortgage payment, car payment, etc.). Can any core expenses be reduced? Investing aside, you position yourself to gain ground financially when income rises, debt shrinks, and expenses decrease or stabilize.

Maybe you should pay your debt first, maybe not. Some debt is “good” debt. A debt might be “good” if it brings you income. Credit card debt is generally deemed “bad” debt.

If you’ll be carrying a debt for a while, put it to a test. Weigh the interest rate on that specific debt against your potential income growth rate and your potential investment returns over the term of the debt.

Of course, paying off debts, paying down balances, and restricting new debt all works toward improving your FICO score, another tool you can use in pursuit of financial freedom (we’re talking “good” debts).¹

Implement or refine an investment strategy. You’re not going to retire solely on the elective deferrals from your paycheck; you’re to going retire (hopefully) on the interest that those accumulated assets earn over time, assisted by the power of compounding.

Manage the money you make. If you simply accumulate unmanaged assets, you have money just sitting there that may be exposed to risk – inflation risk, market risk, even legal risks. Don’t forget taxes. The greater your wealth, the more long-range potential you have to accomplish some profound things – provided your wealth is directed.

If you want to build more wealth this year or in future years, don’t go without a risk management strategy that might be instrumental in helping you retain it. Your after-tax return matters. Risk management should be part of your overall financial picture.

Request professional guidance. A considerate financial professional should educate you about the principles of wealth building. You can draw on that professional knowledge and guidance this year – and for years to come.

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Citations.

1 - experian.com/blogs/ask-experian/credit-education/improving-credit/improve-credit-score/ [5/30/18]