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Financial Literacy, from Start to Finish

Each month, we have discussed financial planning topics integral to any well-developed financial plan. So far, we have discussed the importance of beginning with the end in mind, tax considerations for your financial plan, and unique challenges women may face when saving. Throughout April, as a part of Financial Literacy Month, we want to talk about the basic principles you should understand in order to attain financial freedom and be able to achieve your “Live Well” financial life goals.

Our Plan Well, Invest Well, Live Well™ process is a unique and strategic plan to help guide you toward your financial life goals from the beginning to the end. Let’s map out the major considerations and other important strategies for novice and experienced investors alike at any stage in their life using our process.

Plan Well

In the first phase, it is important to begin with the end in mind. If you don’t know where you want to go, then how can you get there? It is important to understand first, what it is you want to achieve so you can develop a plan with specific steps to achieve them. Breaking down your goals will make it clear on what things you may need to change or the trade-offs you will need to make to accomplish those goals.

At this stage, it is critical to understand the emotional considerations as you develop a strategic financial plan. For example, will you be able to sleep at night with a riskier strategy in order to achieve your goals sooner? If not, then you may need to be comfortable with waiting longer to achieve your goal and investing more moderately.

The young investor is in the best position to save and invest. Their greatest asset is how much time they have over the long-term. The power of compound interest will yield a much greater benefit to the investor who starts early. To illustrate, a \$5,000-dollar investment at a 7% interest rate will grow to over \$85,000 in 42 years. If they waited 10 years to make that investment, it may only be worth \$40,000 (assuming a

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7% growth rate). This investor loses over half of their potential earnings just because they missed the first 10 years.

The lesson here is - carefully consider your priorities and life financial goals. The earlier you begin this process, the more likely you will be able to take advantage of the power of time and compound interest.

Invest Well

After you have developed a strategic plan, now comes the execution of the strategy. In this stage, you should consider how certain investments assist you in accomplishing your goals in different ways. For the pre-retiree, this stage is important to clearly understand the goals and overall financial picture. This investor usually will be at their peak earning years in their career, but they also have other factors to consider. For example, they may have children thinking about or enrolled in college.

During this time, we talk about how your resources are being distributed and protecting your income, staying on track with your goals, and watching your investments closely. Strategic wealth management is not a static process. Life evolves and you need to be able to make adjustments to react to changes in the environment or your own life.

A well-developed portfolio should also be diversified. Diversifying is a way of managing risk, it can offset your losses and balance each other out so if you can be more comfortable when one investment is not performing. A helpful tip to coach yourself is to think long-term, the earlier the better as demonstrated by the young investor. Historically, market data generally shows us that growth is achieved over the long-term. Although there might be downfalls, over time there is a better chance that they are able to recover.

It may also be helpful at this point to seek council from a trusted partner. Looking for help from a financial advisor can make a huge difference in your level of comfort and confidence in your strategy. Hiring a professional whose job it is to watch trends in the markets may provide a better perspective simply because they are able to spend more time watching and responding to it.

Live Well.

By this point, we are no longer looking at what your dream life looks like or how to get there. Hopefully, it has become a reality. After working so hard to lay out a plan and being a disciplined investor, it is time to enjoy the fruits of your labor.

The last stage is a new beginning to living the life you always pictured. This means that you are booking flights to distant places you have always wanted to see, or you

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are sending grandchildren to college, whatever that dream looked like, it is finally here to enjoy.

However, as mentioned before, strategic wealth management is not a static process. Even in your Live Well phase of life, it is important to revisit your Invest Well strategy to ensure it is aligned to your goals that were carefully considered in the Plan Well phase. Make sure to regularly revisit your goals and plan to ensure there is alignment with your investments and analyze how economic conditions and policies may have affected aspects of your strategy.

We guide our clients through this process as a trusted partner to help them achieve their goals with our unique and strategic Plan Well, Invest Well, Live Well process. We listen to each individual and their unique needs to develop a plan that fits their level of comfort. Our knowledgeable team will help carry out the investment plan and continue to provide you with resources along the way for education and other timely market happenings.

Putting it All Together

This unique process is a comprehensive step-by-step guide that helps to identify the needs in your plan and be able to develop a way to get there. Each piece of the plan works like a timepiece, each part must work together as a whole unit to yield results.

To learn more about our process, or to find market insights and valuable resources, visit www.whzwealth.com/resources and subscribe to our monthly newsletter.

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