

The Financial Planning Growth Process

By Ismo Heikkila, CFP

How to Successfully Manage Your Money – A look at personal financial planning

Sometimes people pay more attention to managing their organization or community's finances than they do their own personal finances. This brief article is focused on tips and strategies to creating your own personal wealth. While many individual's financial situations are similar, few are identical, and everyone is responsible and accountable for managing their finances successfully for growth, balance and harmony.

Here are two questions that serve as a reminder for all of us; "What are the primary aspects of growth in nature?" And the follow up question is... "What are the requirements for personal growth and financial security?"

By observing the continual success, year after year, of how nature exhibits growth, one can apply similar principles to one's own life. We know that to have something grow there needs to be Seeds, an Environment, and Nourishment.

Let's examine how nature's growth process applies to us on a personal level.

Seeds would be Decisions; the Environment is where we live and work; and Nourishment is the actual thinking, and doing, and actively pursuing one's goals.

Everyone has some idea of what they would need and want in their lives. How one spends their time and money reflects their current behavior. Behavior is influenced by one's attitudes, and at their core, their personal values. A value might be defined as "a thing or condition which one strives to get or keep". Therefore, how one spends their time, and how one spends their money, are indicators of the values of that person. It is a reasonable assumption that one does not spend their time and money on things and activities which do not have value.

Money does not have any intrinsic or real value except for use as an exchange for goods and services. So everyone has a choice in assessing whether or not something is of value for the amount of money required to obtain it. When money is limited, then the choices become limited and need to be prioritized. For example, food, clothing, shelter, and other basic survival needs are a priority.

Time falls into this category as well since everyone has choices as to how to spend their time. With everyone having 24 hours a day, and having many alternatives with what to do with their time, then a list of priorities is developed. Exchanging one's time in employment for income; being with family and friends; spending time in developing and helping the community, and taking time learning and personally developing, are all examples of growing by design, not by default. One way to define successful living is "the continual progress toward worthwhile goals".

To bring these concepts and ideas to a more practical level regarding managing one's personal finances requires an assessment and an accurate documentation of:

- 1 current assets – what is owned
- 2 current debts – what is owed
- 3 current income – from all sources
- 4 current expenses – includes everything

One cannot make an accurate financial projection into the future, which could be next month, next year, or in many years, unless one always has an accurate documentation of their current financial situation. This is very important in order to establish realistic and achievable goals. Essentially this means a focus on maintaining and improving one's lifestyle. Ultimately it means securing enough financial assets and income to allow lifestyle to continue for the rest of one's life once employment income ends. The personal financial planning process is a method of aligning one's finances with their goals, and it is the same structured process for everyone. The differences, the pleasant and unpleasant aspects of implementing the process, all vary by individual. Compromise and trade-off may be necessary. While some are confident in managing their finances independently, others look for assistance from family, friends, and financial advisors.

No matter what one's current financial situation is, it can always be improved, and it may take some time. Yet the result of having a good understanding and control over one's finances, and life, will be a healing and empowering reward.

So think of the:

Seeds = Decisions ... of what is desired in the future

Environment = Home & Job ... is where you make a contribution

Nourishment = Work & Effort ... is the power of activity

Through this process of attunement with nature, living through the spirit of gifts given to everyone, then harmony, balance, and growth can be achieved. **JAM**

Ismo Heikkila, CFP
is the National Director, Financial
Education & Employer Services
for T.E. Financial Consultants, a
FEE-ONLY™ division of T.E.
Wealth, an asset and wealth
management company. Ismo
can be reached at
iheikkila@tewealth.com.