

## WHAT CAN AN ADVISOR DO FOR YOU?

- A financial advisor can simplify your life

Chances are, your income is going up but it is becoming harder to save. The tax laws seem unnecessarily complicated, investments look riskier than ever, and you are tired of sales pitches over the telephone and bankers who only recommend their own CDs. When you read about the costs of a college education or a comfortable retirement, the numbers can look bigger than the national debt.

- You're not alone

In a world crowded with new investments, changing tax laws, rapidly evolving insurance products and volatile economic cycles, more and more people are looking for clear direction in their financial lives. Unfortunately, the busier and more successful we are, the less time we have to sort out our financial affairs.

- Is there a solution

Yes. Out of this increasingly complicated financial environment has come another form of professional advisor - the financial advisor. An advisor's primary goal is to help you - and others like you - enjoy a comfortable lifestyle today and still look forward to a financially secure future.

Financial advisors offer something you may not be able to get from the traditional stockbroker, banker, accountant or insurance agent - a way to consolidate all aspects of your financial life into one coordinated plan, so that every investment and activity can be viewed in the context of specific financial goals. In the process, you can gain a new sense of control over your financial life.

## SETTING GOALS AND ANSWERING QUESTIONS

You start the process by making basic decisions about your current needs and financial objectives.

Helping you discover your goals, clarify your objectives and set priorities is the first job of a financial advisor - and it is the most important, since everything else will rest upon this foundation. Often, people are surprised to discover that what they believed was an end in itself - reducing taxes, for example - is really a means to a larger and more specific goal - building a substantial estate or accumulating sufficient retirement income.

Then, the fact-gathering process will cover your investment portfolio, if any, review your insurance contracts, examine the benefit plan provided by your company, and analyze the amount and sources of income and monthly household expenditures. Your advisor will discuss your financial goals, funding a child's education, your concern with risk and liquidity, and your desire to maintain a certain standard of living for your family in the event of death or disability.

One of the most common questions asked early in the planning process is: "Will I be able to afford to retire?" This can be broken down into several smaller issues. How much, in today's

dollars, will you need to spend during your retirement years? When do you plan to retire? What do you expect the inflation rate to be, on average, between now and the time you retire?

Other issues may be more or less complicated. Do you plan to move into a larger home in the future? Do you plan to pay for the college education of one or more children? If so, what kind of school will they attend? What investment alternatives are you most comfortable with, and which would you prefer to avoid? Do you want to leave a substantial estate to your heirs, or to consume your assets during the retirement years?

## **THE FINANCIAL PLAN**

Depending on your individual needs and wishes, your financial advisor may render advice orally, in advisory letters on specific topics over a period of months or years, or in a comprehensive written financial plan that may be a few or several hundred pages long. However it is packaged and delivered, during your relationship with your advisor, the planning process will include the following service as needed:

- A summary of your goals and objectives
- Current and projected net worth statements
- A current and projected income tax analysis
- Current and projected cash flow requirements
- Investment analysis and recommendations
- Projected year-by-year progress toward retirement
- Projected progress towards other goals
- A discussion of insurance-related issues
- An estate planning analysis and recommendations
- Recommendations for accomplishing your objectives
- An Implementation, or follow-through checklist

In addition, your advisor will discuss and illustrate the benefits of tax-deferred compounding and of diversifying assets across many investment areas: stocks, bonds or mutual funds, real estate and others.

## ***FIRST STEPS FORWARD***

After you have a financial plan you are comfortable with, your advisor can help you implement it.

In its broadest sense, that means transforming advice into investment activities, asset repositioning, adequate coverage of risks and all the other active aspects of financial planning. Should you keep your present insurance policies, or would you be demonstrably better off switching to new ones? Which new investments should you make? Should your credit card debt be consolidated into a single home equity loan in order to convert non-deductible interest payments into tax-deductible payments? Should losing investments be sold in order to allow the tax collector to share the loss? The choices to be made are many and complex.

In any case, you should expect your advisor to be able to offer guidance and expertise. For stocks, bonds, mutual funds, or direct investments in real estate or other assets, your advisor can evaluate long term performance and the short and long term prospects for individual instruments within each category. He or she can help you choose those that are most suitable to your goals and preferences regarding risk, and help you make your investment purchases.

## **MONITORING YOUR PLAN**

Once your financial plan is implemented, there will be as many personal meetings as you feel are necessary. You will discuss investment opportunities, update your risk management profile and chart your progress toward each of your goals.

During these meetings, your plan will change many times; as new children are born, as they pursue their education, as your income goes up (or down), as inheritances are received, as you move through the stages of life. At any given time, in any year, the ever-expanding complexities of the financial markets and tax laws of our dynamic economic system may confront you with dozens of questions that need answers now.

With a financial plan that covers everything from this month's mortgage payment to the taxes on your estate, you will gain better control of your financial destiny. With periodic reviews, and your financial advisor to call on whenever questions arise, you will know where you stand financially and be able to chart your progress toward your goals.

No two financial situations are alike, so it is hard to say what shape your financial plan will take. That is why having an advisor to rely upon is so beneficial in accomplishing your dreams.

Source: Financial Planning Consultants, Inc.

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