

❖ MONEY TALK ❖

## Your financial future

*A timetable to get you planning*

by Paul G. Sikorski

Unfortunately, the age bracket of the late 40's is the first time many people have the luxury of contemplating their financial future.

Facing any of the following situations may sound familiar: Children in school who have expenses such as candy sales, projects, sports, dances, movies, and cars; adult children who you help with weddings, moving out and setting up their home or who are moving back in after college.

On top of that you've got housing expenses, job switches, terminations and retirements.

The chart shown below is an abbreviated sample of a handout I've been using for years to help people focus on how their financial plan is coming along — or to help them get started, because it is never too late.

As with any chart, it should only be viewed as a tool to start discussion. However, there are some fun-

damental issues that you should be focusing on.

•**Devise your estate plan** In other words, do your homework now so the probate judge won't have to. Over 70% of the people in Michigan haven't and won't plan their estates.

•**Tax-deferred savings** Start saving as much as possible into tax-deferred investment products, either at work, privately, or you may have a side consulting job that will allow you to sock away even more. Especially for widows, there is a lot of emotional confidence in having a block of money within reach, instead of being on the monthly dole.

•**Protect your nest egg** Are you investing the same way your parents did? If so, this is categorically too conservative. Just the fact that people are living longer should prod you into putting some of your money into those companies that cause the price of things to rise. This is inflation-proofing your nest egg.

•**Insure yourself** Insurance coverages are necessary. Especially if you a) will have large estate taxes, b) have strong emotional needs for your family, or, c) haven't been prudent enough to "self-insure". A medium-sized funeral today can easily run into the thousands. Is there enough cold cash around to cover this expense and comply with your emotional family needs?

Finally, review this chart with this in mind: The laws of the land assume that you know the laws' implications. If you do nothing, through ignorance or paralyzed willful intent, the law assumes this was your conscious choice and will swallow you up like the whale did to Jonah. It really doesn't take that much effort to step forward and take control of your retirement years, so few people do. ♦

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### Financial Planning Timetable

#### AGE 45 TO 54 WITHOUT CHILDREN

- Continuing retirement savings plan
- Preserve income from taxation
- Review homeowners insurance

- Continue qualified plan investing
- Increase tax sheltered holdings
- Investigate tax shelter investments
- Continued long term growth strategy
- Review inventory of home again, update insurance

#### AGE 45 TO 54 WITH CHILDREN (IN ADDITION TO ABOVE)

- Provide for children in case of parents death
- Increase childrens education

- Consider income producing assets for children
- Provide trust funds for children

#### AGE 55 TO AGE 64

- Plan for retirement
- Consolidate investments
- Update Estate Plan
- Reduce investment risk

- Calculate income need at retirement
- Begin re-positioning of investment to phase into retirement
- Begin lowering overall investment risk
- Update your will again

#### AGE 65 AND OVER

- Establish stable monthly income from investment
- Plan for future cash requirements
- Secure insurance coverage
- Finalize estate planning

- Convert investment to high income production
- Maintaining enough on growth to offset inflation
- Investigate health insurance options. Be sure you have adequate coverage. Update will if necessary
- Consider charitable trust planning