



Financial Issues.

Financial planning

What is financial planning?

The majority of professional financial planning organisations would say that financial planning is a systematic approach where the financial planner helps the customer to maximise their existing financial resources by using various tools to achieve life goals. Or, financial planning is the process of meeting your life goals through proper financial management.

Life goals vary for different people at different stages of life. They may begin with buying a home, then saving for children's education and later planning for retirement. Whatever the goals however, financial planning is a process that consists of specific steps that help you to see where you are financially. Using these steps you can work out where you are at present, what you may need in the future and what you must do to reach your goals.

The 6 steps of financial planning

There are six basic steps in the financial planning process:

1. Collecting your financial data, e.g. details about your present income, debt level, financial commitments etc
2. Identifying your goals
3. Identifying any financial issues or deficiencies between now and where you want to be
4. Preparing your financial plan - which includes identifying recommended investments and your attitude to risk
5. Implementing your financial plan
6. Reviewing and revising your financial plan to ensure it stays up-to-date and relevant to the current economic climate and your changing lifestyle.

Financial planners

As people go about the business of setting (and changing) their life goals, they will generally collect advice and information from many different sources, including professional financial planners.

A financial planner is a professional who uses the financial planning process to help you meet your life goals. A planner looks at all your needs including budgeting, saving, taxes, investments, insurance and retirement planning.

In particular a planner looks at your personal or lifestyle situation and objectives to help identify your immediate needs as well as giving suitable advice that helps you to both protect and build assets.

Ideally this advice should also allow an understanding of how various individual financial decisions may affect other areas of your finances and the likely effect on your long term goals.

Choosing a financial planner

The most important factor involved in choosing a financial planner is selecting one who is qualified, experienced and licensed to help you.

Financial planners are often referred to in a variety of ways: as financial planners, and (when they are linked to an Australian Financial Services Licensee, such as Charter Financial Planning) as authorised representatives. However, the critical deciding factor should not be so much what they are called but rather that they meet the necessary criteria.

The Financial Planning Association of Australia (FPA) is a professional community of financial planners. Its members must adhere to the FPA Code of Professional Conduct.

The FPA also encourages members of the public to alert the Association to any concerns about misconduct.

For further information on the FPA Code of Professional Conduct, or to find a financial planner in your area, contact the:

Financial Planning Association (FPA)

Tel. 1300 337 301; email fpa@fpa.com.au.

www.fpa.com.au

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MoneySmart

This financial literacy program is an Australian Securities and Investments Commission's initiative. The MoneySmart website features a wide range of guides and tools to assist people with financial planning, including some resources specifically for people in or approaching retirement.

www.moneysmart.gov.au

Some of the MoneySmart publications can be obtained in hardcopy from Catalyst Foundation, including the booklets 'Financial advice and you – where to start' and 'Financial decisions at retirement'.

Monitoring your financial plan

A financial plan should be monitored at regular intervals to make sure it is still relevant to your needs and accomplishing the desired results. In particular as a person's financial situation or objectives change, or as significant trends develop in the economy, a plan should be reviewed.

That will enable you to make the appropriate adjustments, keeping you on target towards achieving your financial goals or to change those goals based on your current financial situation.

It is important then, when looking for a financial planner, that you choose someone with whom you feel you can build a long-term relationship.

And finally remember that all financial investments involve risks. Discuss fully with your financial planner and other members of your family the risks that you're prepared to take and factor this into your financial planning process. Check the MoneySmart website section 'Risk & return'.

Further information

Centrelink's Financial Information Service (FIS)

FIS assists people to make informed decisions about investment and financial issues for their current and future financial needs. They are not financial planners and do not sell advice or purchase investment products. To make an appointment to see a FIS officer, tel. 13 2300.

FIS also holds seminars such as 'Financial planning and choosing a financial planner' and 'Retirement reality and investment choices'. The calendar of seminars for South Australia can be found at www.humanservices.gov.au/customer/enablers/upcoming-fis-seminars-south-australia. Alternatively tel. 136 357.

Catalyst Foundation (formerly Seniors Information Service) holds monthly seminars Financial Planning for Retirement. Contact us for dates and bookings.
Tel. 8168 8776, 1800 63 63 68 (SA country callers),
information@seniors.asn.au

The information contained here is general in nature and is not intended as financial advice.