

The Wisdom of Regular Financial Check-ups

By Brian Puckett, JD, CPA/PFS
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As a financial advisor who's been working with clients for many years, it still amazes me that many intelligent, successful individuals do not have a sound understanding of their financial lives. Many educated, responsible people do not really know what investments they own or why they own them. Some of these same folks work with people who claim to be financial advisors, but even these "professionals" can't answer this simple question: "What was the total return on your entire portfolio over the past twelve months and year-to-date."

A competent financial advisor should have this information. With it, the advisor can (or should be able to) tell you: "When we began, you started out with x. By the beginning of this year, your portfolio had grown to y. The aggregate growth of your wealth this year has been z percent. Based on reasonable projections, you're on track to meet your articulated goals by the year 2010."

"He had heard people speak contemptuously of money: he wondered if they had ever tried to do without it."
W. Somerset Maugham, Of Human Bondage

Many experts agree that you should review your financial plan at least annually. This review should be comprehensive in scope and should address the five key areas of your financial life: estate planning, income tax planning, asset protection, retirement planning, and investments. At my firm, however, we find that there is so much that changes every three to six months in our clients' financial lives that quarterly or semi-annual meetings are often helpful to keep things on track. At these meetings, we address non-financial issues like physical health along with financial issues such as cash flow. We discuss not only tax and investment issues, but also goals, needs, objectives, and what is going on in their minds and in their lives.

It's a common practice to meet with medical doctors periodically to make sure that you are in good shape physically. Wouldn't it be wise to have a periodic financial physical to make sure that your financial health is in order? You need real answers to important questions like: How well are you progressing on the plan you mapped out? Are you on track to meet your goals? Is the current strategy helping to achieve your goals? If not, where do adjustments need to be made?

Financial planning is not a one-time event but an ongoing process. Regular check-ups can ensure the best outcomes.

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