15 Steps to Financial Freedom

1. **Write Down Your Goals**. Your goals can be quantitative (e.g., retire in 10 years spending $100,000 per year) or qualitative (e.g., bike ride across the U.S. with my closest friends, retire early to serve in international missions). Writing your goals down not only helps you begin to formulate a plan, but written goals have an exponentially higher success rate than goals that are not written down.

2. **Write Down Your Financial Concerns or Worries**. This is typically different from goals. What keeps you up at night from a financial perspective? What gaps do you think you have in your finances? By writing down your concerns, you or your advisor can address those through analysis, education, and/or implementation.

3. **Keep good records.** Yes, this sounds basic, but it is one of the most neglected areas of all. Keeping good records will help you make better financial decisions in a more efficient manner. When our paperwork is disorganized, our minds will be disorganized when thinking about financial matters. Some records should be kept while some should be discarded. Know the difference and take action.

4. **Set the right amount of an emergency fund.** Properly establishing an emergency lays the foundation for reducing risk on one front while providing the ability to take risk in other areas. The amount of the emergency fund often varies from three months to one year, depending on one's unique situation. If you have too little of an emergency fund, you risk having to sell off illiquid assets at depressed prices during an economic storm. Too much of an emergency fund and the paucity of the earnings literally becomes a cash drag.

5. **Analyze your net worth statement.** Writing the ownership and amount of assets and liabilities is a key beginning point to understand the purpose behind each asset and debt, and provides a framework for organizing all of the details around each asset and debt. Knowing what you own is critical before the assets and liabilities own you.

6. **Be diligent with and understand your spending habits.** Yes, we are talking about budgeting. Budgeting should not be a nasty word. Budgeting is understanding where your money is going and determining if you want or need to make a change that ties to your values and your short-term and long-term goals. Budgeting is not punishment but rather a tool to help you become your true self.

7. **Prepare long-term financial projections to answer key planning questions.** Detailed cash flow and net worth projections – or, personal financial modeling – will help answer key questions such as am I on track for retirement? …how much can I comfortably spend in retirement? …can I give more to charity? …what tax strategies should I consider based on my current and future situation? …what asset allocation should I currently have? Yes, this analysis is quite different than what you can get with an on-line calculator or a quickie financial snapshot at your corner retail bank. With this analysis, you will understand tradeoffs and have a roadmap for the future. Without adequate detail in this analysis, you may get an answer but it will likely be the wrong one.

8. **Be strategic in your asset allocation.** Lean towards passive investments but take an active approach in choosing your asset allocation and fund families. Don't make the mistake of thinking that the passive investment approach is a simple path and that the lowest cost is always the best. Watch costs, but watch returns net of costs even more. Asset allocation matters.

9. **Tie your asset allocation to your goals**. Rather than choosing an asset allocation according to a pre-set formula based on your age or a questionable risk tolerance questionnaire, your overall asset allocation choice – bonds versus equities – should tie to what your cash flow needs are for the next several years. Using the right type of bonds for what they are good for (i.e., providing dependable income in a relatively stable environment) and stocks what they are good for (i.e., providing for long-term growth over an extended period of time). *See the insert for more.*

10. **Minimize income taxes**. Be diligent in researching tax strategies and review income tax projections for the current year and over multiple future years to decide whether and when to implement value-producing tax strategies. While not sexy and perhaps a bit tedious, implementing the right tax strategies may be the most important arrow in your quiver.

11. **Get protected**. Growing wealth is one thing. Protecting your wealth and your family is another. Insurance, properly structured and properly purchased, can help protect and enhance your wealth. Insurance sold to you to generate commissions by the salesperson can destroy wealth. Finding an ethical insurance specialist or non-commissioned-based fee only advisor is a good first step.

12. **Maintain the right amount of debt**. Understand the difference between good debt and bad debt, and consider both financial and non-financial reasons to pay down or maintain good debt. Leverage can enhance or destroy finances. Make the right call for your situation.

13. **Seek help when needed**. Some things are suited for the DYI. If you suited for DYI in the cross-disciplined areas of financial, tax, and investments, stay abreast of the changes and employ technology when needed. If this is not your thing or you value your time to spend on other pursuits or your family, consider looking for a fee only financial planning team that can address these issues. While it is said that less than 2% of the financial advisors are fee only and address planning issues holistically, they are available in your market.

14. **Revisit your life planning goals that really matter**. Once you have a base of where you are at and where you are going, the financial stress may begin to subside, allowing you to focus on those life planning goals that can form the essence of who you are. Once those major life planning goals are envisioned, you can then determine how to overcome any obstacles – financial or otherwise – that may appear on the horizon.

15. **Monitor and stay flexible**. Just as your life is a journey, your personal finances are constantly impacted by external and internal changes. Planning is not a one and done event, but it is a series of small and large moves throughout your lifetime. Be nimble to make adjustments along your financial journey.

What is the asset dedicated approach to investment management?

Unlike the traditional approach to investment management, the matching approach – or, asset dedicated approach -- to investment management matches the type of investments to your goals and involves three buckets. Two steps are taken under this approach. First, your needs are assessed by preparing a financial model that determines your cash flow needs (inflows less outflows). Then, the assets are allocated according to the three buckets:

Liquidity Bucket. Cash is used for the current year's living expenses.

Matched Bucket. Bonds are generally used for the next 6 - 9 years of cash flow needs and are structured to where the bonds' maturities match the investor's needs.

Growth Bucket. Equities comprise the balance in what is deemed the Growth Bucket and is meant for long-term growth. Equities don't need to be sold in the short-term when the market may be down.

Benefits of this approach?

- *Provides peace of mind to the investor, knowing that the next several years of cash flow needs are met.*
- *Reduces interest rate risk.*
- *Flexible.*
- *Minimize the need to sell equities in a down market.*
- *Can take a longer-term view of equities, providing the ability to tilt towards equity asset classes that history indicates are better longer-term investments.*
- *Minimizes the need to fill up on asset classes that don't provide a long-term benefit and which could be a drag on the returns.*

About Oasis Wealth Planning Advisors

Oasis Wealth is a tax-focused, fee-only financial planning and investment management firm that serves a range of successful individuals and families, typically ranging from Gen X to Baby Boomers to individuals in their 90s. While their clients have a wide range of vocations and many are retired, the firm particularly serve doctors, mid- to senior level executives and professionals, successful business owners, and widows. They never receive commissions and act as fiduciaries to their clients.

They are headquartered in Nashville, Tennessee and serve clients throughout the Southeast with office space in Atlanta, Tampa, Orlando, and Jacksonville. They also serve clients virtually where state law permits.

Nashville: 615-881-3954 | **Tampa**: 813-540-0978 | **Orlando**: 407-434-9698 | **Atlanta**: 470-428-7040

www.oasiswealthplanning.com www.oasiswealthflorida.com