

Seven Steps to a Secure Financial Future

Even well-compensated individuals sometimes find it difficult to achieve long-term success when it comes to personal finances. Although they may attain a comfortable level of income, their primary focus may be on developing their professional careers—to the exclusion of securing their personal financial future.

Yet, it doesn't necessarily require a huge allotment of time to get things moving in the right direction. It is often simply a matter of understanding and attending to the "basics." The following seven steps are intended to put even the most harried and dedicated high-earners in solid control of their finances:

1. **Pay yourself first.** Transfer a set amount from your earnings to your savings or investments each month. An investment of \$1,000 per month earning 8% annual interest could grow to over \$180,000 before taxes in just ten years.
2. **Reduce consumer debt.** Avoid high credit card finance charges by paying off the balances monthly or, if you must carry a balance, use only cards offering low finance rates.
3. **Diversify your savings.** Develop a plan for your short- and long-term needs. Bear in mind your liquidity needs, risk tolerance, and time horizon.
4. **Take advantage of tax benefits.** If you qualify, contribute to an Individual Retirement Account (IRA), a 401(k) plan, or another similar retirement plan. These plans offer tax benefits that can help enhance your retirement savings.
5. **Update your estate plan.** Have your will and any trusts reviewed by a lawyer. Prepare advance directives, such as a durable power of attorney, living will, and health care proxy. This is important for everyone, since a disabling illness or injury, or an untimely death, could occur regardless of age.
6. **Review insurance needs.** Periodically review your risk management program. Your life, health, and disability income insurance needs will likely change as you progress through various stages of life. Also consider your possible long-term care (LTC) needs.
7. **Set long-term financial goals.** Establish one-, three-, and ten-year goals. Evaluate your progress yearly and make adjustments as appropriate to achieve long-term success.

Make a commitment now to start this planning process. Attention to these seven basic areas can help you achieve a secure financial future.