

Gee, I Never Planned On That



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With the fast pace of everyday life, it comes as no surprise to hear the above phrase from time to time. Whether it has to do with your career, family dynamics, weather, world events, healthcare issues, your home, or vacation plans, there is no shortage of surprises in life. How you deal with these issues can impact your health, financial well being, and sanity.

My wonderful sister-in-law and her husband recently had beautiful twin girls bless them this year. This presented logistical challenges for daycare arrangements, a teamwork approach to keep their sanity, and a new focus on planning for their family's future from a financial and educational perspective. The grandparents of these twins also changed their lifestyles to adjust to these changes as well. Most people think of the unexpected of being something bad, this is an example of how something great can still cause a family to experience stress with change.

Many families have their primary residence as their single biggest investment. They've enjoyed the improvements they put into them, as well as making it their family's safe haven. However, most individuals who purchased a home around year 2008 saw the value drop and then came the impact of reduced equity in their home. The supply of homes built, as well as existing homes for sale caused by the crisis, created illiquidity to the housing market not seen in years. As a result, it changed the ability to refinance, relocate, and the attitudes towards improvements and real estate as an investment, have all changed dramatically over the last several years. This also had a huge impact on the ability for some to retire as planned. Most of these issues were beyond control and not anticipated by a majority of people. Some of the ways to deal with these situations are: stop making additional improvements, add cash and

refinance to create liquidity if you need to relocate, rent the property out till the market conditions change. The recession has also likely made this situation worse.

A recession that impacts your employment can also have a dramatic impact on your life. Having to travel, cover more territory, or expand your current responsibilities at your place of employment, or in your own business, can change your plan as well. The inability of small businesses to borrow, pay for rising healthcare costs, or complete globally or with larger publicly traded companies also present unprecedented challenges for most. Some have found that telecommuting, hiring temporary help, and using equity in their homes or commercial real estate, has helped solve some of these problems.

The whole point of this discussion is that the need to clarify your own personal goals has never been more important. The assumptions you make, the view you have of retirement, your view of where and how your children or grandchildren will get their education to compete in this world are all very important. You may be asking the question, how am I supposed to plan for all of these contingencies in this world we live in? I believe the answer is that only you can paint the picture that you have of what your goals are, and by going thru the process of writing them down, you will learn something about what you really want in life. Your financial advisor can continually update your plan as life happens, but at least you have a plan. I have been doing this for fifteen years and I can't tell you how many times I have seen people go through the process and say, "I never really thought it through before and we learned a lot about what we really want." It will always change, but if you plan and think about what you want out of life, you have a better chance at achieving the ever changing goals you have. I always say that if you plan for the worst, you won't be disappointed most of the time. So when you hear someone remark, "Gee, I didn't plan on that", it is a friendly reminder that you need to have a plan for life.

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