

From the Heart: Your Finances
Asking the Right Questions: WHERE Are You?
By Katherine S. Newton, Certified Financial Planner

Now that you've found a financial advisor who's a good fit for you and have sorted out with her the answers to the question, "WHO are you?" (see last month's column), you are now prepared to share with her the answer to the question "WHERE are you?"

Let's deal with the nitty gritty details first (although I rarely do things this way – I usually start with the big picture, but in this case I want you to be prepared with the data you will need).

When you go to see your new advisor, save yourself and her some time by bringing with you as much financial information as you can assemble. There are two "snapshot" reports she may wish to create for you. One will be a financial statement, or a statement of your net worth. The other is a cash flow statement.

First the financial statement: Here your advisor is looking for all information pertaining to what you own (all of your assets, especially those which "work" for you or which have the potential to grow and produce income for you someday such as cash accounts, stocks, bonds, mutual funds, retirement plan accounts, and real estate) and what you owe (balances on any mortgages, bank loans, or credit cards). The difference between your assets and your liabilities is your net worth. (For an organizer to help you list all your assets, liabilities, income and expenses, visit my website www.waitefinancialgroup.com.)

Second, you will need a cash flow statement: Your advisor will also want to know what your income is, where it comes from, and what you spend. I have my clients work on this one themselves. There is much to be learned through the very exercise of putting together a statement which answers the question, "Where does my money come from and how is my money being spent?" Until we understand the answer to this question, it is almost impossible to plan for retirement, for the education of children, or for any of the other life events which are likely to take place.

Both reports, the Net Worth Statement and the Cash Flow Statement, will be essential if your financial advisor is to help you move from where you are to where you want to be.

There are other financial documents and data that are equally as important to your planner, such as two prior years' tax returns, your will, any trust documents, life, disability income, and long term care insurance policies, and beneficiary designation pages for retirement plans. For now, we'll only consider what is needed to prepare the Net Worth and Cash Flow statements.

But beyond data, there are other just as important, if not more important, considerations. Most probably you are in some type of transition or change. We all are. We are rarely sitting still, twiddling our thumbs (we're women, aren't we?). You probably have a particular concern that you want to address and you want to make a change for the better. Otherwise, why would you be here?

So your advisor should be asking you what concerns you have. Or what life passages you are going through. Or what changes you see coming in the near term future.

Let's face it. If you want to reach your goals, if you want to realize that place of self-actualization of dreams and become the person you are meant to be, you first have to deal with reality. On the way to reaching your goals, life gets in the way. But once concerns are dealt with, you can then move on to your higher level aspirations and dreams.

From my experience, these are some of the primary concerns that clients have expressed to me as their financial advisor:

- Concern about an aging parent
- Review of an estate plan
- Personal health concerns
- Reconsidering investment philosophy
- Giving to charity
- Concern about debt
- Preparing to send a child to college
- Health of a family member
- Phasing into retirement

Chances are you have at least one, and maybe a few, of these concerns yourself. And while some of the items on this list may not seem financial in their essence, it's almost certain that there are financial implications for each one. Every time life shifts there may be a need to respond financially to it. A good financial planner can help you address these concerns and develop strategies to deal with these life realities.

The views are those of Katherine Newton and should not be considered as investment advice and also are not intended to be tax advice. All information is believed to be from reliable sources; however, we make no representations as to its completeness or accuracy. Discuss all information with your individual advisor prior to implementation.

Katherine Newton, a 29-year veteran of the financial services industry and Certified Financial Planner™, helps clients nationwide enrich their retirements by working to create reliable streams of income, freeing them to do what's most important in their lives.

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