<u>Financial Planning Series</u>
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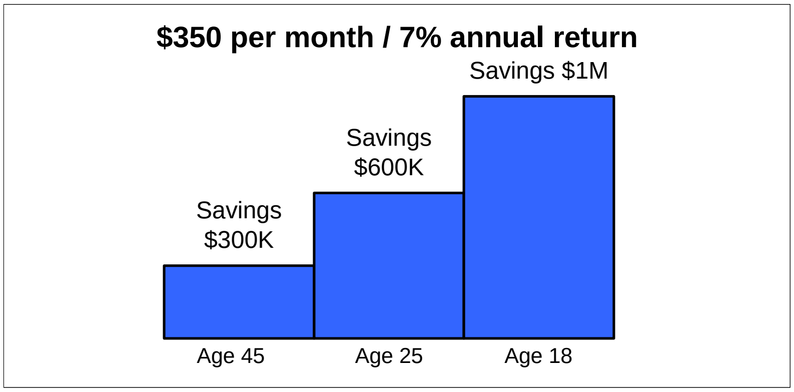
Why Start Now?

Most individuals realize the importance of saving and creating financial security. The problem is, many individuals do not know how or when to get started. As people live longer and healthier lives, there is often an attitude to enjoy today and assume there is time to worry about finances later.

Financial security and planning must become a habit and it should be started at a relatively young age. Many individuals working their first job during high school or beginning their career throughout their 20s have a great opportunity to not only plan for the future but also enjoy today if planned properly. With that said, if you feel you have not saved enough, it's never too late to start.

Financial planning at its simplest is making sure you can pay your bills and have something left over. What you do with the money left over is the key to creating financial stability. Accumulating wealth is simply a product of saving regularly, time and investment return.

For example, let's assume you save $350/month earning an average rate of return of 7%. If you start saving that amount at age 18, you will accumulate about $1 Million by age 60. If you save that same amount starting at age 25, you will only accumulate about $600,000 and if you wait until age 45, the total saved would be less than $300,000.



How do you get started? The first step is to create a monthly budget. There are a number of programs like Microsoft Money, Quicken or even a spreadsheet that can be utilized to establish a budget.

Create a budget by reviewing the money you receive each month from your paycheck, pension, investments or other sources of cash. Then subtract the bills you have to pay such as rent, mortgage, utilities, car payment and other recurring items. A balance should be left that you can use at your discretion.

Your discretionary balance is the key to developing your financial plan. The amount can be deposited in a savings account, contributed to a retirement account, invested in a mutual fund, or used to pay off debt.

How do you determine where to put the money you plan to save? I believe it's easier to stick to a regular savings plan by doing things in moderation. My suggestion is to divide up your choices and consider putting your money into different baskets. A portion can be used to go out to dinner or buy some DVDs, but make sure other baskets are used for retirement, a rainy day fund, and longer term savings.

Once your money is saved, avoid withdrawing the funds and consider them off limits for regular use. Focus on increasing what you have accumulated. When you receive a raise or a tax refund consider it "found money", to split among your baskets and add to your savings.

In upcoming columns we will discuss what options are available for the different baskets of funds and how to determine where to put your money.