

Get off the roller coaster and get a financial plan

by Denise Sautter

Planning is vital to a good financial future, say financial planners, yet a lot of people don't think about it.

"We built our home two years ago and we have zero debt."

So said Kris Sullivan, 29, when asked how he and his bride are managing their money.

Sullivan and his wife, Shannon, 26, of Jackson Township, Ohio, were married in November, but the two already have a handle on their financial future.

PLANNING FOR THE FUTURE - Financial planning is vital if you expect a good financial future, financial planners advise. CNS Photo Illustration by Eri Hashimoto. "It isn't a perfect world, but I think we are doing OK, better than most people my age," he said. The Sullivans are well on their way. They are owners of Waste Management Alternatives in Canton, Ohio, and he is as an advertising executive with www.Autotrader.com

"I used to be a broker, so I really haven't sought out help," Kris Sullivan said, noting he has already gone through financial planning training.

"We are both savers, but we have our spending spurts," he said. According to him, one major goal is to be able to retire early, but he said, chances are he will continue to work even if he could retire. "I think about retirement all the time, but that doesn't mean I will. The point is, I want to be financially secure enough to retire when I do want to."

SETTING GOALS

Financial planning is about setting realistic financial goals and then adopting the discipline needed to make them work. Goals can include retirement savings, saving for a rainy day, education, extravagant vacations, buying a home, or whatever reason, say experts.

"It is so important for young couples to know what their cash flow is, their net worth, and what their debts are," said Kay Feagles, certified financial planner with Raymond James Financial Services.

"Debt is one of the biggest worries young families are faced with," Feagles said. Much of the debt is incurred by college loans that need to be paid back after they graduate.

"The first pitfall for many young adults is borrowing money for college," she said. "It is always cheaper to save for college than it is to borrow."

The key to not borrowing is to save now. "Home mortgage debt is good because you are building equity. Credit card debt is bad," she said. "The best time to start saving is now. It is hard when you are young, but it is important.

By knowing what your fixed expenses are, those that you cannot eliminate - loan payment, utilities, groceries, phone, rent/house payment, car payment - every month, you can begin to prioritize their "extra" money savings and spending. Going out to eat every night may no longer be a priority if the extra money can go toward a certain goal.

"You really have to be diligent when doing this," she said. "You cannot manage your cash flow if you don't know what it is."

To find out, after you record all your expenses for a month, multiply it by 12. Anything left is yours to divide among your desires. Every dollar, she said, can go in a hundred different directions, and this financial fact isn't limited to young adults. Every age group is faced with decisions - do I go on that cruise or put a new roof on the house? - and it comes down to using those discretionary dollars based on priorities.

Part of the problem with younger couples is, they want to have it all up front.

"I think what it boils down to for young people, is that once they get out of school, they want to have the same housing arrangements they had when they lived at home," said Bill Russo, a financial planner with Concord Financial Planners in Solon, Ohio. "They don't realize that it took their parents 20 some years to get to the point where they are now."

"People laugh how their parents or grandparents may have saved money in coffee cans or envelopes, but that is how they saved for the things they have now."

LEARNING THE ROPES

Kristin Zenobi and Mark Pauli aren't laughing. The recently engaged couple are planning to be married June 30, and they are not taking their financial future lightly.

They have already started saving for a home they hope to be settled in when they marry, and he has signed up

for a 401(k) plan at Kenan Advantage Group where he is a management trainee. She is a kindergarten teacher in Alliance, Ohio.

"We've talked about finances big time," said Zenobi. "They've (financial discussions) been pretty friendly. I like to call us levelheaded and I think we are very, very smart about how we are planning our finances."

The couple has not employed a financial planner to help them because of their cautious spending habits. However, Pauli has talked to one he knows who has advised him to start saving for retirement, so as soon as the 401(k) plan was available to him, he signed up.

"The whole Social Security thing is scary," he said, noting he doesn't want to have to worry about it when the time comes.

Neither has debt to be concerned about, and both are living with their parents to enable them to save for their future home.

"We are both lucky we have good jobs," he said. "The company I am with is fantastic."

Zenobi and Pauli hope to be financially secure in 10 to 15 years. To do that, they know saving is the way to go.

"It is important to save first, then spend, otherwise it is a roller coaster ride," Pauli said.

Zenobi said that without doubt, people should think twice before spending. "Think with your head, not your heart when it comes to spending."

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