

## **Creating and Sticking to a Sustainable Financial Plan**

Everyone knows that managing finances and putting money in the right places is necessary to reach future financial goals. Financial plans need to be thought out and strategic, with clear goals and preparations for the always moving turns in the economy.

The first thing that is necessary when creating a financial plan is to take a broad look at your current financial state. Clearly analyze where money is coming in, and where money is going out. This may include income, investments, expenses of any sort, debt, etc. Getting a clear baseline of your finances gives a good perspective on where you currently are and how you want to change that for the future.

The next step is to set clear and measurable goals. When setting goals, it is of course of utmost importance that the goals are reasonable. Goals will differ for everyone, so you need to find what it is exactly that you are trying to do. Some goals may include (but are not limited to) paying off debts of any kind, saving for a big down payment, planning for retirement, building emergency funds, saving for college, etc.

Creating a budget with different categories and compartmentalization will help with the foundation for a successful financial plan. Categories may include food, housing, school, savings, etc. All expenses need to be tracked and adjustments can be made as needed.

A great option while creating a financial plan is building an emergency fund. Everyone knows that things can come up out of nowhere, so having emergency fund money is always a helpful resource. Although it may be unlikely that you need it, when you do need it, it is extremely beneficial.

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Reducing and eliminating debt is another important thing to focus on while creating a financial plan because debt (especially high interest debt) can prevent you from reaching your financial goals. Use the new freed up money from debt toward your financial goals once the debt is gone.

The next steps are open ended, but it is important to always be investing and saving. Especially while you are young, investing is much more beneficial for your later self. Planning for retirement and opening up a 401k or IRA and contributing regularly is a very important thing to be doing while creating a financial plan.

Adjust your financial plan over time! You must be patient and disciplined while doing this because sticking to a budget is not always easy and it takes time to see real changes and benefits but waiting patiently always pays off. If your plan does not work well, you can always seek professional advice, ask family members, etc. It is not always a straight path to success and having a plan that is flexible is important and you must have dedication and discipline while having financial plans. Having clear goals and budgeting wisely is always a great way to start. Adjust when necessary and small things will add up.