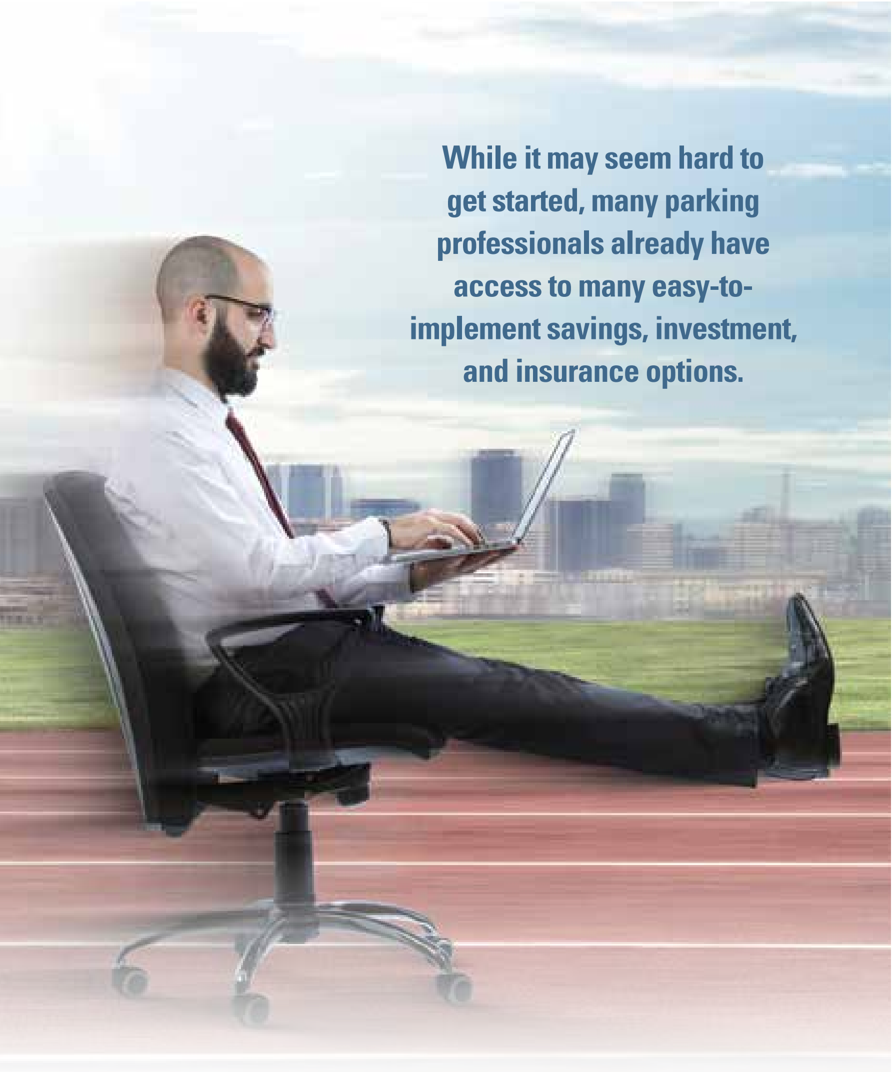
No more Procrastination

Planning to succeed is key to personal financial stability, and there's no time like the present.

By Mark A. Vergenes

HUMAN BEINGS ARE NATURAL PROCRASTINATORS. Most people struggle with the temptation to put things off until that last minute—particularly those tasks we don't enjoy. How many times have you claimed to "work better under pressure" or promised yourself to finish a task when you had more time to focus?

While it may be possible to crunch out a report at the last minute or even throw together a major family get-together in a few days, saving and financial planning is one of those things that is a process. You need to work on it steadily over the course of years. Every month you put off developing and contributing to your own financial plan, your chances of success get smaller and smaller.



The truth is if you're relatively young and you've already developed a financial plan to get you through to retirement, you're the exception. But if don't have a solid financial plan in place, now is the time to start.

Why Plan?

You need to make accommodations for several significant life events. During the course of your life, you'll probably experience a series of major expenses that can't be covered without a thoughtful savings and investment plan. These may include homes, cars, college, medical expenses, retirement, and the death of one of your family's breadwinners.

Most people understand how to budget for expenses such as homes and cars. When planning, people decide how much to spend and then decide how to pay for these expenses with cash, credit, or a combination of both. These expenses are budgeted into a monthly income and are protected with adequate savings.

However, when it comes to life's other major expenses—college, medical expenses, retirement, or the death of a family breadwinner—many people procrastinate and are less prepared.

While it may seem hard to get started, many parking professionals already have access to many easy-to-implement savings, investment, and insurance options.

Automated Retirement Plans

Whether it's an individual retirement account (IRA), a 401(k), a pension, or another type of plan, company-sponsored retirement savings plans offer a couple of important benefits. One of their most important features is that they are deducted from your paycheck, automatically funding your plan. Many benefits that are deducted from your paycheck are pre-tax, which means the amount you contribute is more than the reduced amount you would otherwise keep in your take-home pay. However, all plans have a capped amount. If your capped amount is less than your actual savings needs, you should discuss additional investment and savings options with a qualified financial adviser.

Matched Contributions

Some employers will match the contributions you make dollar-for-dollar up to a certain percentage of your pay. Others may match a portion or percentage of each dollar you contribute. Regardless, it's free money. Having your employer contribute right along with you makes your retirement account grow faster than if you were the only one putting money in. And most of these matches are made pre-tax, which significantly reduces the effect on your take-home pay.

Vesting

Vesting is a way for employers to encourage you to stay with them. Basically, it means that while you have full ownership of your own contributions, you'll only gain access to your employer's contributions after a designated period of time. Vesting can happen two ways: A graduated vesting schedule gives you increased ownership of the employer funds over time until you're fully vested and own 100 percent of the money. A cliff-vesting schedule withholds ownership until you've completed a certain number of years of service, at which point you become 100 percent vested. Once your employer's contributions are fully vested, they're yours and you can take them with you if you leave.

Insurance

Insurance benefits vary widely from employer to employer. Evaluate each benefit to make sure it makes sense for you and your financial plans. Be sure to investigate if your employer offers short- or long-term disability, dental benefits, vision benefits, and corporate life-insurance plans. Be sure to find out out what happens to your benefits if you become ill, are hurt on the job, or are hurt when you're not working.

It's critical to understand if employer options are enough. Do you know how you are you going to handle life's other major expenses—retirement, college, medical expenses, and the death of a spouse or breadwinner?

College

While we all fantasize that our talented children will get a full scholarship, it's not a reliable savings plan. But don't let yourself get overwhelmed by big numbers and pricey educations. Even modest savings can pack a punch if you give them enough time to grow.

Investing just $25 a week for 18 years will yield $48,000, assuming an 8 percent average annual return (and assuming no taxes). Investing your savings wisely may allow you to maximize your savings. If you didn't start saving the week your child was born, don't give up hope. Even a little savings helps. Talk to your financial adviser and you'll be able to develop a plan that will help your child cover at least some of his or her college costs, even if college is just around the corner.

You should also explore financing options that include federal, state, and private grants and loans. And finally, make sure you are not planning to use retirement savings to finance college expenses. Your children will have a lifetime to pay off college, but you won't be able to easily rebuild retirement savings.

Medical Expenses

While recent changes in health care have made some people more confident about their ability to handle major medical expenses, medical expenses are still one of the most common reasons for bankruptcy. It's critical to ensure your insurance will continue even after you begin disability, and it's wise to check out disability insurance to help your family get through extended illnesses or rehabilitation periods. Financial planners can help you determine your needs, your ability to pay, and refer you to reputable health insurance representatives.

Death of a Breadwinner

Whether your home is a one-, two-, or even three-income family, it's important to think through what will happen if one or more income sources pass on or are unable to work. What happens to your mortgage? Car payments? Who takes care of your children? Is an elderly relative relying on your income? Developing a will and ensuring your life insurance is enough to get your family through the death of a loved one is critical to your family's financial well-being.

It's easy to procrastinate on life insurance if you're part of a young, healthy family. According to a July 2014, article in *U.S. News and World Report*, three in 10 households in the U.S. have absolutely no life insurance whatsoever. And many people with life insurance don't have enough coverage. According to a 2014 survey by New York Life Insurance, people surveyed said they needed an average of $540,000 worth of insurance but were insured for only $220,000.

You shouldn't rely on guesswork when making decisions that affect you and your family. Get help to work through these financial hurdles and develop a plan that addresses a wide variety of changes.

Retirement

While you may already be contributing to a company-sponsored retirement plan, you should still map out exactly what your retirement looks like, what your income may be, and what kind of savings you need to finance your lifestyle.

People are living longer than ever before, and if you retire at 65, you may be looking at 30 years of retired living. If you're one of the many people who underestimate how long you'll live in retirement, you may find yourself running out of money.

For some people, expenses decrease in retirement. Maybe their house is paid off and children are on their own. But others find that their retirement comes with unexpectedly high price tags. You may need to continue to support family members, your home may not be worth as much as you expected, or you may incur major medical expenses for yourself, your spouse, or another family member.

Often, Social Security doesn't cover your retirement expenses. According to the U.S. Census Bureau, today's retiree draws less than half his or her income from Social Security. The rest must come from other sources, such as personal savings and pension plans or, for some, part- or full-time employment.

Inflation may also take a bite out of your retirement savings. Remember, your dollar may buy a lot less in the future than it does today.

It's important to know that financial planning professionals make recommendations, not decisions. You control your finances. A good planner will make recommendations based on your needs, values, goals, and time frames. You decide which recommendations to follow and then work with a financial professional to implement them.

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