IFPS INTEGRATED FINANCIAL PLANNING SOLUTIONS, LLC
A Fee-Only Alternative Approach To Financial Planning

What is Comprehensive Personal Financial Planning?

Increasingly, we are being asked the following question: "What exactly is a comprehensive financial planning engagement?" IFPS delivers financial and investment advice in an hourly, fee-only manner. Quite often, a comprehensive financial planning engagement requires 10 to 15 hours of effort (or more) by the financial planner.

Each individual situation is different. Thus, the scope of a financial plan will vary considerably among clients. However, as a starting point, let's identify the areas that are typically covered in a comprehensive financial plan:

- **goal-setting** – spending time understanding the wishes and desires of the client, and quantifying them in terms of the time horizon (i.e. when will the funds be needed) and the amount of funds that will be spent. Typical goals include retirement income, college funding, home purchase or remodel, opening a business, buying a new car- or any other major financial event
- **priority-setting** – understanding the relative importance of each goal
- **risk analysis** – a clear communication of the concepts of risk, how risk is required for return, and helping the client understand their own unique risk tolerance and how that will impact their ability to reach their financial goals
- **cash flow** – review of money flows; understanding near-term and long-term requirements for required cash flow; review of tax returns for any issues or overlooked opportunities
- **present financial condition** – review of all current investments, asset allocation, planned contributions into savings accounts until retirement; careful review of debt to assure it is manageable; and how debt is to be retired
- **projection of future cash flows** – modeling future cash flows and whether they will be adequate to meet all stated financial goals; model future investment returns, Social Security income, pensions, part-time work, taxes, debt, and potential inheritance
- **risk management** – review of current insurance coverage(s), including life, disability, and long-term care insurance needs and property and casualty coverages. This often involves a careful review of employer-provided benefits and recommendations
- **estate planning** – review of all financial assets, ensuring appropriate titling and beneficiary designation, given results from other components of the planning process

- **strategy development** – this can entail anything from tax planning to investment portfolio repositioning to insurance recommendations, creation of a debt reduction plan, lifetime gifts to children/grandchildren and charitable gifting
- **communication of the results/recommendations** – sometimes this takes a couple of hours or more on its own. It is imperative that the client comes away with a thorough understanding of the recommendations and the reasoning behind them. Also, the client must have an understanding of how to implement the recommendations
- **implementation** – not always required, but often is requested. We spend time helping the client consolidate multiple accounts and open new accounts. We provide guidance in acquiring any additional insurance coverage, etc. On occasion, the client turns the implementation completely over to us
- **follow up** – plans are reviewed annually to ensure that circumstances have not changed dramatically (with regard to the information used in the original plan). If the client doesn't wish to engage in a formal follow up review, then the engagement is complete.

The Reality – What Really Is Involved

Now, given the fact that a typical comprehensive financial plan entails at least two-three meetings with the client, each lasting on average one-hour, that leaves five and a half hours (on the low end) or ten and a half hours (on the high end of the estimate) to cover the remainder of the items listed. In the case of projects that are minimal in scope, some of the components are either eliminated or consolidated. For example, if the client only has a 401(k), no debt other than his/her mortgage, is single and has no children – then obviously the planning process is reduced, due to the reduction in planning considerations.

It should be acknowledged that many financial planners (ourselves included) notoriously under estimate the amount of time that will be required- that is, we often spend more time on the plan than what we estimate due to additional research required or unforeseen complexities. However, given the fact that we will never exceed the top end of our fee estimate range, the firm absorbs these "extra costs"- they are not passed on to the client.

We hope this helps you better understand the scope and "deliverables" of a comprehensive, integrated financial plan.

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