

Financial Planning for Pre-Retirees

What is Financial Planning?

Financial planning is a comprehensive and custom process of managing your money to achieve financial security and to meet financial goals. Strategies are implemented to optimize wealth accumulation and minimize your tax liability while implementing risk mitigation strategies to protect your assets and achieve your financial goals. Financial planning considers:

- Budgeting and cash flow management—understand how you spend your money and identify areas to improve upon, pay down debt, build a good credit history, and identify a budget for savings.
- Savings and Investment Management—establish an emergency fund, employer or self-employed retirement plans (tax-deferred), and individual investment strategies (tax-free and taxable accounts).
- Tax Planning—develop strategies to minimize tax liability and optimize tax-advantaged accounts.
- Risk mitigation—protect income and assets with the use of health, life, disability, property, auto and liability insurance. Other strategies include the use of an emergency fund, Roth IRAs, Health Savings Accounts (HSA), and taxable brokerage accounts.
- Estate planning—plan for the distribution of assets, according to your wishes, after death. This includes wills, medical directives, beneficiary forms, trusts, and powers of attorney.

Top 5 Benefits—For individuals in their prime earning years preparing for retirement, the accumulation phase of your financial lifecycle, working with a financial planner can be a powerful tool to building a solid financial plan to meet your financial goals.

1. Align Goals with a Comprehensive Financial Plan
2. Strategic Retirement Planning
3. Strategic Tax Planning
4. Risk Management
5. Debt Management

1. Align Goals with a Comprehensive Financial Plan – Most individuals will have competing priorities with varying timelines for goals such as, pay off debt, retirement savings, college savings for children, career changes and transitions, caring for elderly family, real estate transactions, home improvements, etc. Without a comprehensive plan, resources can be misallocated, and financial decisions may be driven by emotions.

- Build a clear roadmap to achieve financial goals. Early identification of shortfalls and annual reviews allows time to implement recommended strategies.
- Balance short-term and long-term goals.
- Conduct retirement needs analysis to determine retirement savings goal.
- Project future retirement income from employer and self-employed retirement plans, Social Security, other tax-advantaged accounts, potential real estate transactions and inheritance.

2. Strategic Retirement Planning – Savings and investment decisions can have amplified long-term impacts on a retirement plan. Financial planning includes running projections for various scenarios to identify plan pitfalls and develop mitigation strategies.

- Create an investment strategy that balances growth with appropriate risk. Investment strategies should be customized to your risk tolerance and capacity.
- Optimize employer benefits such as Health Savings Accounts (HSA), matching contributions to retirement plans, stock options, etc.
- Maximize retirement savings and investments utilizing employer-provided qualified retirement plans, IRAs, self-employed retirement plans, tax-free accounts (Roth IRA), and taxable accounts (brokerage).

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3. Strategic Tax Planning – Smart and informed tax decisions made now can help reduce your lifetime tax burden and identify opportunities for tax-advantaged strategies.

- Coordinate pre-tax and post-tax contributions to retirement plans.
- Manage capital gains and tax-loss harvesting.
- Project and identify lower tax-liability years for future withdrawals and Roth conversion opportunities.

4. Risk Management – During an individual's prime earning years it is vital to protect income and assets from potential negative life events such as a serious illness or accident, disability, premature death, or even a civil lawsuit.

- Mitigate risks that could derail your retirement plan and other financial goals.
- Review health, life, disability, long-term care, and personal liability umbrella insurance needs.
- Review beneficiary designations for all banking and investment accounts to ensure your assets are passed per your wishes.

5. Debt Management – Current debt can impact your ability to save for retirement as well as qualify for and obtain competitive interest rates for new loans, such as a home mortgage.

- Develop a strategic debt payoff plan, such as paying off your mortgage before retirement.
- Consolidate and pay off unsecured debt.
- Manage student loan debt and identify opportunities to consolidate, refinance, and/or loan forgiveness programs.
- For rental properties, balance investment costs, to include mortgage debt and insurance coverage, with expected rental income.

Final Thoughts

Choosing a trusted fiduciary, someone who prioritizes your needs above their own, can be an important step in providing your financial security and ability to meet financial goals. To get a better idea of the breadth and detail of NovaPoint's financial planning process, check out this [Sample Financial Plan for Pre-Retirees](#). At NovaPoint, our investment, wealth management, and tax experts can help advise you on your employer benefits, developing a retirement plan, managing debt, optimizing tax strategies, and planning for various financial goals. If you want a trusted partner to manage your money more wisely and develop your own financial plan, [contact us here](#).

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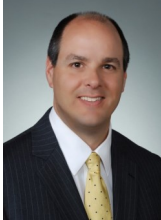
NovaPoint – Financial Planning and Wealth Management

The NovaPoint Team



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Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and ABN Amro. Before beginning his investment career, Joe was an Infantry officer in the U.S. Army. Joe holds a BS from the U.S. Military Academy at West Point and an MBA from the University of Chicago. He is both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT).



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Frederick has over 30 years of experience in the investment management industry. Prior to joining NovaPoint, Frederick was a Partner and Investment Advisor at Brightworth where he advised high net worth investors. Frederick began his investment career in 1991 at Balentine & Co where he rose to Partner. He also co-founded and served as Chief Investment Officer at Wright Investment Management and at Smith & Howard Wealth Management. Prior to beginning his investment career, Frederick served as an Engineer officer in the U.S. Army. He holds a BS from the U.S. Military Academy at West Point and an MBA from Emory University. Frederick is a Chartered Financial Analyst (CFA).



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Meghan is an Investment Associate focusing on financial planning. Prior to joining NovaPoint, Meghan spent 18 years in government service as an Operations Officer in military intelligence. She holds two Bachelor of Science degrees from the University of Maryland and a Master of Science from the Joint Military Intelligence College. Meghan has additional education specializing in financial planning, successfully passed the Certified Financial Planner® (CFP®) board exam, and is a member of the Financial Planning Association.

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