



Financial Plans are (almost) Worthless. Financial Planning is Invaluable.

As you probably can imagine, these articles can take some time to produce. It can be a gap of some weeks from the moment it pops up as a diary entry to when it arrives to you.

This can sometimes mean that things can appear to be rather out of date before they have even been sent out. This has become even more apparent in recent times when matters appear to have been changing daily.

This concept is broadly the same with most people's financial plans. We all have financial plans, whether they be simple plans highlighting some things that we wish to do in the future, or more complex ones concerning life changes like house moves, school fees or the biggest of them all, retirement. For some, their financial plan may simply be working out if they have enough income next week or next month.

However, in nearly all instances, these plans can be thrown into disarray by all sorts of things, not least a Pandemic and this highlights the issue we all have with any sort of plan...things change.

"Most people don't plan to fail, they fail to plan."

— John J. Beckley

Financial plans are broadly worthless because things change, sometimes dramatically, making their plan broadly useless. And if that is the case, what is the point of having a plan in the first place?


What is important in these instances is not the plans themselves, but the ongoing process of planning. It has never been more important to highlight how crucial planning can be, as it enables you to be prepared for times like these. If your planning is good, then your overall plan will have a broad structure in place to offer you an element of protection and direction. However, your plan also needs to be flexible enough to be moved, re-arranged or even shelved.

Those of you that have planned will understand that these plans that you put in place will have been changed and altered. Retirement may get pushed back, new projects may come to a standstill. For others, these changing times may offer an opportunity. What is most important is that your plan is flexible and fluid and enables you to do this. Looking at some of the key factors of your plan, the first thing that everybody should have is an emergency fund, broadly made up of three to six months of income, sat in a deposit-based account.

People often refer to this as their 'rainy day' fund. It may be that some of this asset is being used at the moment due to pressures on your investments and changes to your circumstances. This is a good thing and what the fund is there for. We can all agree that we can describe the recent Covid crisis as a 'rainy day'.

For those that haven't got a plan and are finding themselves living a little bit day to day, there are still things you can do. Do look closely at your day to day finances, and especially talk to your bank and mortgage lender.

Talk to your mobile phone providers, broadband providers, and TV providers about reducing costs. All of these small changes will make a big difference, but all require you to be proactive. Once they have been done, then settle down and consider your long-term finances.



Is your balance between saving and spending really at the right place? Is it time to consider better planning?

It is important to remember that your plan isn't set in stone. It will need to grow and evolve just as you do. Your old plan is almost certainly not in the right place anymore. But what that means is not that it is less important to plan, but more important. Plans will change, they have to be able to do so, as the world moves in different ways and your plan has to be flexible enough to cope.

What will never change is the importance of planning and the support that is offered by your financial planner. Put simply, planning is bringing the future into the present so that you can prepare for it now.

If you would like to find out more, please email hello@pfgl.co.uk

