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INSIDE COVER

Helping Clients Achieve Financial Success in 2017

So many clients start the year with good intentions but end up falling behind. Here are some suggestions to help them have a successful new year.

By Lizzie Dipp Metzger

The new year is a great time to help clients create healthier financial habits. One excellent place to start is by encouraging them to make financial resolutions that will get them closer to their money goals. Here are four goals advisors should consider when looking at their clients' financial planning for 2017.

1. Gain control of a budget. Monitoring their budget is the clients' first step in taking control of their finances. If they are not tracking their spending and spending less than they earn, they cannot achieve their long-term financial goals.

2. Get out of debt. It's important for clients to realize that if they are accumulating debt, any money they save is negated by the amount of debt they have. I encourage clients to make eliminating debt their first priority.

3. Increase savings. Help clients set savings goals that they can reach in a certain amount of time, and make sure they remain aware of what they are spending and what they are saving. If they have various savings priorities — such as a vacation, an emergency fund, a house, etc. — help your clients differentiate between them. This way, they can also celebrate small "wins" as they save for each desire, then start saving for the next.

4. Save for retirement. The earlier clients begin, the better, because they can amass more savings over a longer period of time. Retirement saving directly affects how comfortable clients will be when they reach that phase of their lives.

So many people start with the best of intentions but end up another year behind with planning and saving. For your clients' financial planning to be successful, take time throughout the year to monitor their progress. Here are a few recommendations for different client types.

For High-Income Professional Clients — Taxes

High-income earners generally are limited when it comes to deductions, so they are looking for more ways to save on taxes.

When working with these clients, the key is perspective. It can be difficult to explain to your clients that there are only certain ways to deduct taxes. If they are employees and not owners, as these high-wage earners often are, the ways are very limited.

After their maximum pretax deductions are achieved, help clients analyze the different asset classes and determine where investments, annuities and life insurance come into play. The key is that betting on only one asset class is rarely as beneficial as choosing investments that work for all client goals. After clients move beyond the tax deduction, advisors can determine the proper allocation overall and suggest the most appropriate solutions.

For Business Owners — Diversification and Protecting Assets

Business owners generally have in excess of 80 percent of their assets in their business. This is the definition of keeping all your eggs in one basket. A business owner's greatest growth can come from their business. However, so can the greatest risk. You can help them de-risk their assets through diversifying their portfolio.

When working with business owners, advisors often create a financial gap analysis based on cash flow. Although a business is the key source of cash flow, advisors want to look at a point in the future when the owner can have suffi-

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cient assets to maintain their cash flow even without their business. Determine the gap, and then guide clients to start saving outside of the business to fill it.

For the Family — Retirement and Education

People often find themselves in a panic when they realize just how far behind they are in planning for their goals. Empower your clients to take steps that will get them started.

When planning for a family, prioritize goals and start working toward them. Advisors frequently run a quick analysis to identify the gap clients have to fill to achieve a particular goal. Some clients may fear they have to save this large amount all at once. Help them realize that small steps are better than none.

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For All Clients

» Individual retirement account (IRA). IRAs offer important tax advantages that can add up to a significant amount of money for retirement. IRA contributions can be made up until April 15, so this is a great option for clients who did not set financial planning goals in 2016.

» Automatic savings plan. If a client made a specific financial resolution to save more, automated savings will make them follow through, because the cash is drawn directly from their bank account.

» Cash value life insurance (CVLI). CVLI serves as an excellent long-term option that can supplement the fixed income portion of the portfolio. With rates extremely low and yield difficult to find, the internals in a long-term CVLI can be very appealing as an alternative asset class. It's important to understand the client's needs, as the advantage of this comes from the basket of options it offers.

» 529 savings plan. 529 plans are a simple way to save for college. They are not tax-deductible, but all growth is tax-free if the funds are used for qualified expenses for higher education. Furthermore, if the child for whom the funds are earmarked doesn't use all the funds, the remainder can be moved to an account for a second child.

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