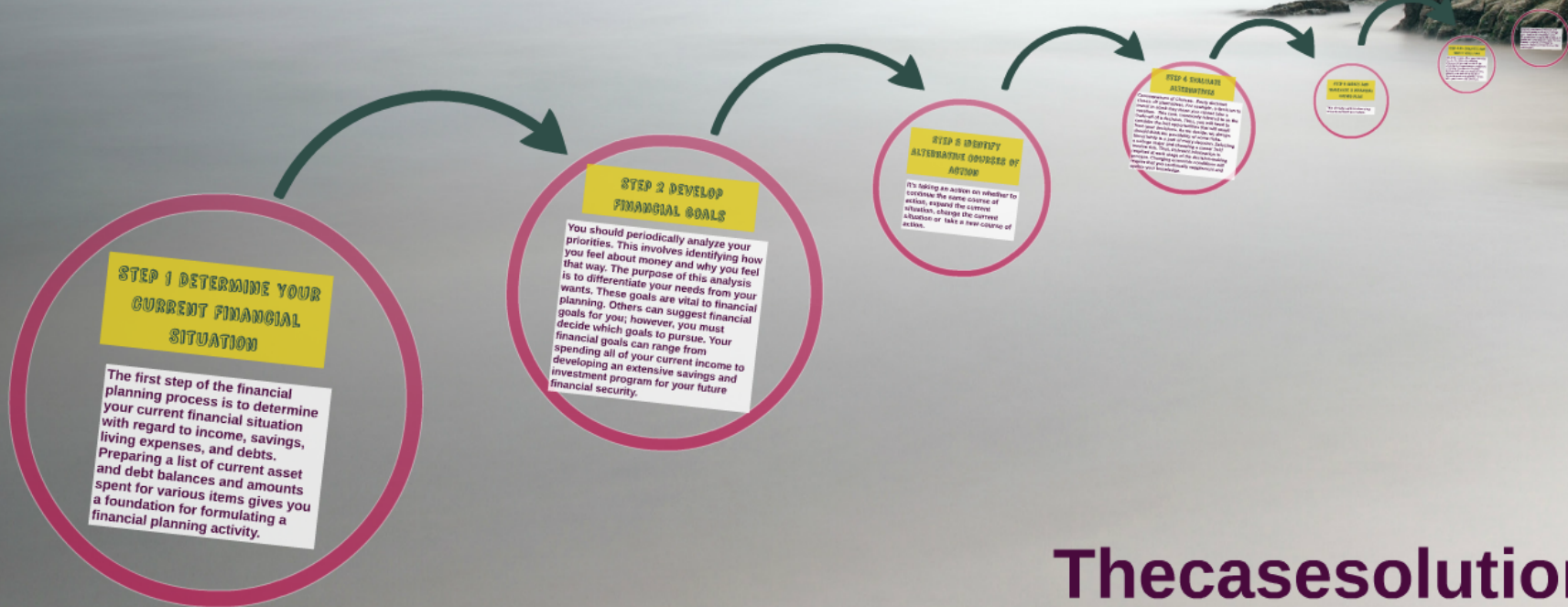
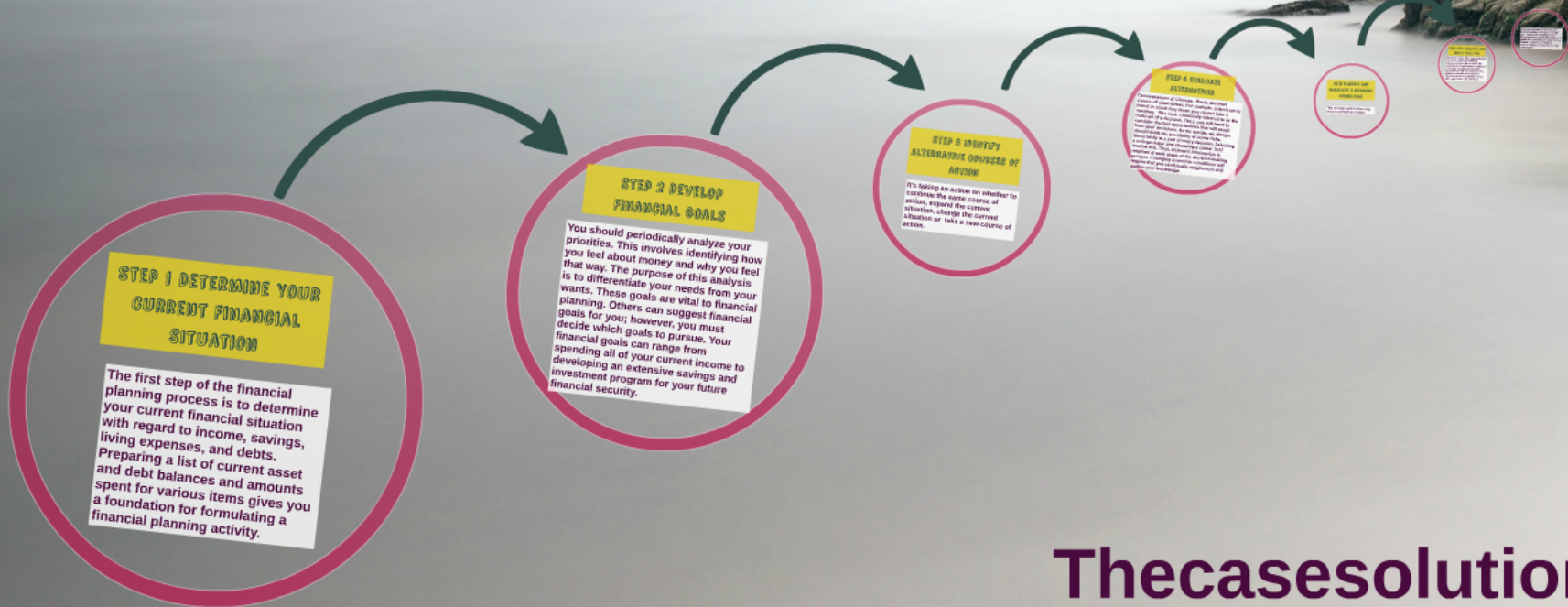


Effects of Financial Planning Process



Effects of Financial Planning Process



STEP 1 DETERMINE YOUR CURRENT FINANCIAL SITUATION

The first step of the financial planning process is to determine your current financial situation with regard to income, savings, living expenses, and debts. Preparing a list of current asset and debt balances and amounts spent for various items gives you a foundation for formulating a financial planning activity.



STEP 2 DEVELOP FINANCIAL GOALS

You should periodically analyze your priorities. This involves identifying how you feel about money and why you feel that way. The purpose of this analysis is to differentiate your needs from your wants. These goals are vital to financial planning. Others can suggest financial goals for you; however, you must decide which goals to pursue. Your financial goals can range from spending all of your current income to developing an extensive savings and investment program for your future financial security.



**STEP 3 IDENTIFY
ALTERNATIVE COURSES OF
ACTION**

It's taking an action on whether to continue the same course of action, expand the current situation, change the current situation or take a new course of action.

STEP 4 EVALUATE ALTERNATIVES

Consequences of Choices. Every decision closes off alternatives. For example, a decision to invest in stock may mean you cannot take a vacation. This cost, commonly referred to as the trade-off of a decision. Thus, you will need to consider the lost opportunities that will result from your decisions. As we decide, we always should think the possibility of some risks. Uncertainty is a part of every decision. Selecting a college major and choosing a career field involve risk. Thus, Relevant information is required at each stage of the decision-making process. Changing economic conditions will require that you continually supplement and update your knowledge.



**STEP 5 CREATE AND
IMPLEMENT A FINANCIAL
ACTION PLAN**

**This already requires choosing
ways to achieve your goals.**



STEP 6 RE-EVALUATE AND REVISE YOUR PLAN

When life events affect your financial needs, this financial planning process will provide a vehicle for adapting to those changes. Regularly reviewing this decision-making process will help you make priority adjustments that will bring your financial goals and activities in line with your current life situation.