

Look at Your Financial Situation Holistically

What's the biggest financial mistake you can make? Choosing the wrong investments? Waiting too long to save for retirement? Underestimating the costs of retirement? All these are reasonable answers, but the biggest mistake you might make is not looking at your financial picture *holistically* – that is, not bringing into the picture all the elements of yourself.

Let's consider some of them:

- **Your views on helping your family** – Your decisions about helping your family are clearly going to be a major part of your financial strategy – and this is true at virtually all stages of your life. When your children are young, you'll need to decide if you're going to put away money for their college education, and, if so, how much, and in what investment vehicles. When they're young adults, you may also need to decide how much financial support you're willing to provide for things such as the down payment on a new home. And when you're drawing up your estate plans, you'll need to consider how to distribute assets to your children, grandchildren or other family members.

- **Your personal beliefs** – As someone with civic, ethical and moral concerns, you want to positively affect the world around you. And that's why you may feel compelled to make charitable gifts throughout your life and then make philanthropy part of your legacy. To accomplish these objectives, you'll want to include gifting techniques in your financial strategy today and your estate plans for tomorrow. Of course, for the estate planning component, you'll need to work with your tax and legal advisors.

- **Your purpose in life when you retire** – When you retire, you may be stepping off a career path, but you're also

entering a world of possibilities. How will you define, and live out, your new sense of purpose at this stage of your life? Do you seek to broaden your horizons by traveling around the world? Do you want to give back more to the community by volunteering? Can you spend more time pursuing the hobbies you enjoy? Each of these choices will carry different financial implications for how much you'll need to accumulate for retirement and how much you will need to take out each year from your retirement accounts, such as your IRA and 401(k).

- **Your health** – Your physical and mental health can play big roles in your financial plans and outlook. On the most basic level, the healthier you are, and the better you take care of yourself, the lower your health care bills will likely be during retirement, which will affect the amount you need to put away for health care. And you also may need to prepare for the costs of long-term care, which can be enormous – in fact, a private room in a nursing home can easily cost \$100,000 per year, according to the insurance company Genworth.

It can be challenging to weave all these elements into a single, unified vision, so you may want to get some help from a financial professional. But, in any case, be prepared to look at your situation holistically – because, when putting together a lifetime's financial strategy, every part of your life matters.

This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.

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