



## What makes a good financial strategy?

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**When you're going on a journey, there are three essential questions to ensure you have a great trip.** How will I get there? How much will it cost? How will I deal with the unexpected? Answering these questions thoughtfully will allow for a more pleasant trip.

A written financial strategy serves the same purpose in the bigger picture of life. When you have a plan for your financial journey, it's easier to decide how you spend money, stay on track, manage unexpected expenses, and achieve your long term goals. It may also help to safeguard your assets when major life changes like retirement, marriage, children, divorce or job loss come along. So what makes a good financial strategy? Here are some critical components it should include<sup>1</sup>.

1. **Goals** - List all of your financial goals. Consider everything that matters to you, from paying off debt, buying a home, saving for retirement, or funding your children's education to your future lifestyle, assets, and investments.
2. **Assets** - List all of your assets, including cash, investments, real estate, and other property.
3. **Liabilities** - List all of your liabilities, including credit cards, loans, and other debt.
4. **Income** - List all of your income sources, including salary, dividends, and other income.
5. **Expenses** - List all of your expenses, including housing, food, and other living expenses.
6. **Risk Tolerance** - Determine your risk tolerance and how much risk you are willing to take.
7. **Investment Strategy** - Determine your investment strategy and how you will allocate your assets.

[8 Components of a Good Financial Plan](#) [2]

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