

**Wye Trust**  
 16 N Washington Street  
 Easton, MD 21601  
 Office 410-763-8543  
 info@wyefinancial.com  
 www.wyetrust.com



## Five basic benefits of working with a financial planner

Thanks to the internet and YouTube, doing-it-yourself has taken on a new life. For example, a young person we know was able to diagnose a problem with his clothes dryer, then order the key part and install it, thus saving the cost of an in-home repair. Information that once might have been hard to find outside of specialized publications has become accessible to everyone.

But there are limits to self-empowerment. One area in which some people may be overconfident is financial management. There is more to financial planning than setting some goals and pinching some pennies. Here are five basic benefits that may come from working with a financial planner on an organized financial plan.

### 1. Test whether goals are realistic in the stated time frame

Legendary Green Bay Packers coach Vince Lombardi reportedly once said, “We didn’t lose, we just ran out of time.” That’s how it can be with savings plans. How long will it take to accumulate enough for the down payment on the house, or reach the target for college savings? The variables are the savings rate, the rate of return on savings, and time. A financial plan provides perspective on integrating savings strategies.

### 2. Identify overlooked risks

What are the chances of dying before meeting one’s financial goals? What are the odds on becoming disabled during a career? What would happen to meeting the mortgage payments if a spouse dies prematurely? A financial plan will quantify these hazards and provide mitigation strategies, often with insurance plans.

### 3. Measure progress

A financial plan includes benchmarks along the path toward the financial goals. If the targets are not being met, a mid-course correction may be required.

### 4. Fix mistakes

There are a number of routine money management mistakes made by a surprisingly large number of people. Failure to take full advantage of a company retirement plan is one; paying high interest charges on credit card balances is another. A financial plan will identify opportunities to bring greater efficiencies to money management and flag the pitfalls that could undermine the plan.

### 5. Build wealth

A household financial survey conducted by the Certified Financial Planner Board of Standards found that families with financial plans generally have more money saved and are more likely to have paid their credit cards in full. This was true even for families in the lowest income bracket. For those with a plan, 41% of those earning less than \$25,000 were paying off their credit cards every month. Only 26% of those in the \$25,000 to \$49,999 income bracket without a financial plan were paying off their cards, even though they had more resources to do so.

### Get started

Having a financial plan and following through on it takes some of the uncertainty out of life. It gives people a feeling of greater control over their financial destiny. Financial plans are not just for the wealthy—they offer a path for becoming wealthy. They are not just for the young, or for the old, because financial plans address needs throughout one’s lifetime.

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