



Investment Insights

Kevin Kennedy

Balancing Act

As the saying goes, “life is a series of choices”. Nowhere is this more clearly illustrated than the choices we constantly face in how to spend money. Buy the new car, or put money away for retirement? Fix up the house, or contribute to our child’s college fund? The choices are difficult, and the constant barrage of commercials, solicitations, and opinions we are all subject to make these decisions even more confusing.

To combat this dilemma, develop what I call a “life plan”. Sit down with your spouse or significant other and talk about what you want to accomplish in life. Much like drafting a business plan, think through the priorities you have for yourself, your family, and your community. Issues like career choices, retirement lifestyle, charitable concerns, and supporting your kids are all important areas to cover. Write down all of the things you’ve held in the back of your mind, and share them with those close to you. Be honest, creative, and open about how you picture your life playing out.

Once you’ve identified your priorities, you can start to determine what resources you’ll need to make them happen. For example, retirement looks different for everyone, but if you have a vision of what you want your retirement to look like, it’s much easier to determine what financial resources you’ll need to make it happen. Go through all of your priorities and try to assess what is needed, regardless of how outlandish or frivolous it may seem.

Now that you have a clear vision and a set of goals to match, look at your current resources (your finances, time, energy) and determine how to apply them to best reach your goals. Having a clear vision and plan for your future will reconfirm every decision you make as to what you buy, how you save, and what you choose to spend time on. You will also have a better framework for evaluating the trade-offs you face in how to allocate your resources.

Here’s an example of how this “life planning” process worked with a client of mine. By looking past superficial choices like whether to fund a ROTH IRA, and instead first discovering their personal life goals, we developed a clear picture of the path they needed to follow. Among their top priorities was the desire to fund their child’s college education, and secure a modest retirement lifestyle that left open the option for pursuit of a second career (the husband has always wanted to be a high school teacher). Also at the

forefront of their concerns was addressing the potential need for long-term care (both of their parents were now facing this situation). By uncovering these goals, we were able to develop a life plan that addressed these concerns in an understandable and thought-out way. Designing investment strategies and funding strategies centered on these goals put them on a track for personal and financial success.

The world is full of choices, and this often causes stress, confusion, and inaction. How do you know what's right for you? Start by determining what's most important to you, and these decisions will be easier and more fruitful throughout your life.

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