



WHY LIFE PLANNING IS SIMPLY FINANCIAL PLANNING DONE RIGHT

[Why life planning is simply financial planning done right | Voya.com](https://www.voya.com/why-life-planning-is-simply-financial-planning-done-right)



Life planning is the process of delivering true personal freedom into your life.

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It's a holistic process that focuses on your true values and motivations in life.

You do this by determining the goals and objectives you have as you see your life develop, and using these values, motivations, goals, and objectives to guide the life planning process and provide a framework for making choices and decisions in your life that have financial and non-financial implications or consequences.

The bottom line with life planning is that you're dealing with emotions. As much as we think logic should determine our financial future, emotions rule the roost.

There are many different ways to accomplish financial goals. Before deciding on the best way forward and which financial products will help get you there, you have to

ask yourself some deep questions to identify what matters to you in your life. Once you've answered these questions, you'll see why life planning is financial planning done right.

What questions do I need to answer to create a practical life plan?

These are questions that could and should be thought about over some time. It's not a 10-minute tick box exercise. It's a process of really digging into what's important to you and why so that you can formulate a plan.

It's best to ask the questions of yourself and talk them over with other family members and friends. If you seek advice from a pension and retirement professional, make sure it takes a holistic view of your situation looks extensively at life planning.

The first question to ask yourself is this

If you won the lottery, you would have all the money you needed for the rest of your life. What would your life look like?

What we're looking at here is solving 'the money problem.' Most of us are burdened by the need to make money. What would you do? How would your ideal life look if you didn't have that problem anymore?

We're looking for here to find the things that would be extraordinary for you to have the freedom to do.

The second question, you would ask yourself independent of the first one

You ask the question, 'If you discovered you only had 5 to 10 years left to live but you knew you were going to be completely healthy during that time, what would shift for you? How would you live your life, and what would you do?'

At this stage, you may find 1 of 2 situations arising. You may find yourself simply weeding out the things that wouldn't be as important to you if your time was limited, or you may find your answers to be completely different, and in that sense, you've found that there is a much deeper level of meaning for you.

This question may surface things like the third question.

The third question

If you go to the doctor and you're feeling perfectly healthy, but the doctor reveals that you've had, without knowing it, an illness that has come to term, and you have only a single day left to live.

The question is not what you would do with the day, but the question is to absorb the shock of that information, that knowledge, and reflect on what you'd anticipated accomplishing, being, or doing. What did you miss? Who did you not get to be? And what did you not get to do?

As you've journeyed through the three questions and considered what's important to you. Typically by the third question, you've got a real sense of what matters to you on your journey through life. This will typically give rise to the five pursuits.

The five pursuits

The five pursuits are essential; they become a guiding light for what's important to you and what will lead to true fulfillment in your life.

Typically the essential things for people, in order are:

Family and relationships

It's not always the case, and that's ok, but people may feel the pull of family and relationships the strongest when thinking about what matters to them. This can be

getting in touch with a parent or long-lost sister. It can be simply realizing how much you value your relationships with friends and family and prioritizing that.

Values/Religious & Spiritual

You may feel a pull or a personal call to something that's deep within you. Be it religious, spiritual, or core values that make up who you are.

Creativity & Entrepreneurial

The third most common pull is creativity. Whether it is to be entrepreneurial or creative in business, you could find yourself potentially drawn to the arts.

Estate planning

This is where you'd typically find people thinking about inheritances and leaving money for future generations.

Sense of place

A sense of place is where you feel you belong or would love to be. For example, "I live in the city. I'd love to have a place in the country." or vice versa.

Your job after you've carefully considered the questions above and the five pillars are to be truly honest with yourself about what's important. This will form the basis of your life plan.

From there, you can start considering how you're going to lead the life you want with the finances you have at your disposal.

How do I plan for things beyond my control?

There will always be extenuating circumstances that you can't predict or legislate for. One particular example is in the UK; pension freedoms were introduced in

2015, which caused a significant uptick in people asking questions like, will I have enough to retire at 55 as they looked to reassess what was important to them and looked to retire earlier than they'd previously considered.

Being clear on the sort of lifestyle you're happy to lead and sticking to that will help ensure that you remain in control when events like the pandemic occur.

Being in complete control of your finances is an absolute must. There's a lot written about budgeting and things like the 4% rule for retirement withdrawals, which refers to the amount of money you can "safely" withdraw from your pension portfolio without running out of funds.

If you've been faithful to yourself with the life planning aspect of the exercise, it's far easier to have your finances flex around your situation and life goals.

Taking steps to ensure you've optimized your financial health

You can do several things to ensure your finances are on point, and there's a lot written about each step. Most of which is beyond the scope of this article, but to give you an idea of things you can do to make sure your financial health is optimized:

Budgeting is essential

Although it might seem like common sense to say don't spend more than you earn, by going beyond that and cutting out the things that aren't necessary, you'll insulate yourself financially and achieve your true freedom in a much shorter space of time.

Reduce your burden of debt

There are some things, that if we want, we can't help but into debt with – mortgages and student loans being two obvious ones.

There are things we don't need to be spending an exuberant amount on, mobile phones, cars, credit cards.

Where possible, minimize your burden of debt and eliminate it.

Get your assets sorted – asset allocation.

Asset allocation ensures that the suitable investments are in the correct accounts. Ensuring that you've invested in the most tax-efficient way is essential to optimizing your retirement fund.

Life plan first, financial plan second

Hopefully, it's becoming apparent why life planning is financial planning done right. Instead of asking questions like "Can I withdraw X amount?" or "What's the best annuity for me?"

When you've done some extensive work understanding what's important to you and why, the questions surrounding finance all but answer themselves, or at the very least just become a technicality on how you're going to achieve the true freedom you want.

In the end, financial planning comes down to how money influences our lives and how it can be used as a tool to achieve goals that life planning has laid out for us.

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