

Precision Financial Planning

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What is Precision Planning?

Precision financial planning is a result and process-based financial planning approach that focuses on what can be achieved with 100% or better certainty. It requires the following process:

- Know your numbers intimately, which means that you are in control of your financial resources.
- Adopt a realistic big picture of your financial goals.
- Develop an action plan to realize your goals.
- Create strategies to achieve each part of your plan by using appropriate financial tools with a wide margin of safety.
- Monitor the progress of your plan.
- Be committed to a long term relationship with your financial plan.
- Be dedicated to the best financial practices.

Why Precision Planning?

Precision planning is a counterpoint to the prevailing advisory practice of using tools such as the Monte Carlo simulation on assessing the probability of success in developing financial plans that rely primarily on market investments. While such tools may be useful, they are essentially dependent on market performance that is highly uncertain with built-in failure potential. For example, even if the probability of success under Monte Carlo simulation is 95%, there is still a failure rate of 5% which may be significant enough to derail a financial plan, and may result in retirees running out of money in retirement.

In contrast, precision planning focuses on the actual result of any financial activity that is designed to exceed 100% of the probability of success. It requires a high degree of safety and certainty, as well as minimal risk. When the results are certain, the goals of any financial plan can more likely be achieved.

Additionally, precision planning embraces a holistic approach to financial planning, which enhances the success of a plan by considering factors that go beyond market investments, such as being prepared for the financial needs for various life events that may range from having a family to college planning, and from retirement to estate planning.

The Value of Precision Planning

The success of precision financial planning is guaranteed if you are willing and able to take charge of your money with care and purpose. If you care about your money and respect it, it will stay and prosper with you. If you are casual or careless with your money, it will not stay with you.

There is no mystery to financial planning, though some of the tools for wealth creation, management and preservation are not readily available to the general public. That's the reason for working with a financial planner who can be helpful in seeking and utilizing the right tools for clients to realize their financial goals. A good financial plan will give you peace of mind, security, confidence, and a sense of well-being that will serve you well at all times.

For more information on precision financial planning, please contact Eva Levine, JD, CFP®, RIA, at plendarisadvisory@gmail.com, www.plendarisadvisory.com, or call 408-293-1888.