



SMART INSIGHTS FROM FINANCIAL PROFESSIONALS

DIY Retirement Planning: A Smart Move or a Risky Endeavor?



You can cut the cost of retirement planning by doing it yourself. But for something this important, it might be wiser to call in the professionals.

By Jennifer Lahaie, RICP®, CTS™, CAS® Owner & Founder at JEHM Wealth
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Over the holiday break in December, my family and I decided to repaint my daughter's room and bathroom. We looked for professional help, but the price was high enough that we decided to do it ourselves for less. Once we got the paint and went to work, however, we realized how much time it was going to take. From three coats of paint and time to dry to the difficulties of painting the ceiling, our time off was spent working instead of enjoying quality time with one another.

There are lessons here for personal finance. Managing a financial plan involves constant management. Do you want to save money and do it yourself? Or do you want to hire a professional to give it the attention it requires? There are a few important things to consider when choosing a direction for your financial plan.

FINANCIAL PLANNING TAKES UP VALUABLE TIME

It's easy to put a dollar value on things. Instead of thousands for a professional, we spent a few hundred dollars on paint. That's a significant saving, but there's an opportunity cost to every decision: While we didn't write a check to a painter, we lost valuable time with each other.

Financial planning is complicated. Every situation is unique, and your financial landscape is always changing. A financial plan is not something you should set and forget. It takes time to manage your finances and time becomes more valuable as you get older.

Would you rather dedicate that time to researching how to manage your money or spend it with your grandkids?

THE DIY APPROACH CAN LEAD TO MISTAKES

The finished painting project looked good, from a distance. However, on closer inspection, there was a drop of paint on the floor and a few mistakes on the edges. Lacking the career painter's years of experience, it was difficult for us to measure up to the quality of a professional job.

The same applies to financial planning. Proper management of your financial plan can make or break your retirement. As you age, the room for mistakes becomes smaller and your time is more valuable — experience matters. This perspective is important when evaluating whether you would like to work with a financial planner in retirement. You saved your whole life to build this nest egg. Can you afford to mess it up?

Think of retirement as a Rubik's Cube. While you're working on getting one side complete with one color, the other sides are out of view and disorganized. It's easy to lose track of crucial elements in your financial plan. Your first attempt at doing something is typically not your best and you learn over time. In retirement, there are no do-overs or practice rounds. With limited time to recover from mistakes, you only get one shot to do it right.



LEAVING THE FINANCES TO ONE PARTNER IS RISKY

While there's a recent shift toward younger women taking more control of their finances, men in retired couples are still more likely to manage the finances. A recent study shows only 48% of women in their 70s are involved in financial planning. However, on average, men die nearly six years before women, leaving women in vulnerable positions should their spouses pass away before them.

As financial advisers, my husband and I understand the importance of both of us being involved in financial decisions. It's just as important for couples who aren't professionals. Keeping knowledge in the hands of just one person in a relationship leaves the door open for a difficult situation should they die before their partner.

Don't be caught flat-footed. Involving a professional early on, ideally, five to 10 years before you retire, allows for time to build a trusted relationship and prepare your finances for a confident retirement. A financial planner can build a plan that incorporates strategies to mitigate the risks specific to your financial circumstances. They can also be a trusted resource who will provide ongoing guidance and advice throughout your retirement journey.

Do-it-yourself projects can be tempting, but when it comes to your retirement, consider the time and quality of work that financial planning demands. Should you spend hours researching how to efficiently manage your retirement plan when you could be spending it with your family? Should you risk making mistakes by doing it alone? A financial professional can help you keep moving toward your goals and allow you to enjoy the retirement you deserve.

About Jennifer Lahaie

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