

The Art of a Financial Plan:

In simple terms in my view, financial planning is building a relationship with a client whereas an advisor can see the world through the lens of the client and build upon that vision together.

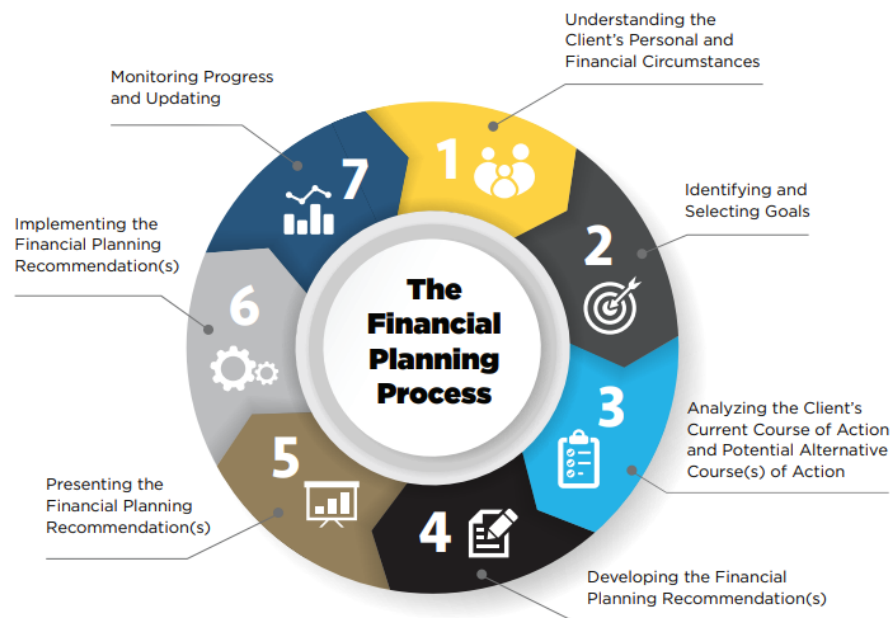
“The study of financial planning differs from behavioral finance, which is often cited by advisers and providers in retirement savings, in that the psychology of financial planning considers the way the mind works, not the practice of telling someone what they should think and feel”, Britt-Lutter said during a fireside chat with Alison Mintzer, ISS Media publisher, at the 2023 PLANADVISER National Conference.

What is the art of a financial plan? It is spending meaningful time deep diving into the goals that are most important to you, your loved ones, your children, your business, etc. A financial plan encompasses the Lifestyle that you want to live, and the Legacy that you want to leave behind to your Loved Ones (Our 3 L's here at HFS Wealth Advisors).

A financial plan starts with that meaningful face to face conversation discussing what drives you, keeps you up at night, what you dream for, things that give you peace, things that help you sleep well, etc.

We then form this into a process in developing a thorough financial plan. As a Certified Financial Planner® we are trained to spend a strong depth of time getting to know how our clients are wired, what makes them tick, and ultimately what they strive for the most. We build this into goals that are SMART- specific, measurable, achievable, relevant, and time bound. We then begin utilizing software, in our case eMoney Advisor/POWR, to begin assessing the base case, where you are today. Next we extend that to anywhere from a handful to several dozen scenarios that illustrate different variables that we can adjust in planning for the future. Considerable time is spent analyzing each scenario over the course of many client and advisor meetings, and then we implement a path forward together.

7 Steps: The Financial Planning Process



In times of volatility, such as April 2025, why do I bring up the importance of a financial plan? As a CFP®, I believe a financial plan can be a north star/roadmap to building a plan that is meant to encompass your goals and give you a range of scenarios for building into the future. In times of volatility, it is human nature that folks get fatigued/tired/worried when there is an onslaught of news coming from all angles. Where a financial plan comes into play is my belief that it serves as that grounding force, that north star, and that ability to get us back on the road towards optimizing our goals, and to center ourselves.

“According to a Capital One survey, more than three-quarters of Americans (77%) reported feeling anxious about their financial situation in January 2020. Since then, financial experts report that consumers’ financial stress has only gotten worse due to the global pandemic and subsequent record-level inflation, the latter of which ranked as a top stressor for 87% of Americans.” As reported by CFP Board.

Further from the CFP Board “A financial planner trained in psychology adds greater value to the advice they provide to clients navigating these emotional mazes, according to Dr. Chatterjee. He shares, for example, that many clients treat inheritance differently than they treat their earned wealth, tending to take more risks on money they have not earned through work. With this insight, advisors can better detect behavioral patterns and work

with clients to assess whether their short-term desires align with their long-term financial goals and values, in turn, helping them to use the new-found capital wisely.”

When using our eMoney Advisor software we summarize all this above information into scenarios that are measured by Monte Carlo. We define Monte Carlo by running each scenario through 1,000 simulations, to chart out a wide range of outcomes in each scenario.

Example from eMoney Advisor: “A coin being tossed four times may not be close to a 50 percent heads and tails outcome, but a coin that’s tossed 1,000 times will likely be much closer to the expected 50 percent.”

The Monte Carlo simulations are summarized in this format:

Probability of Success numerical and color coded:

- **GREEN:** 82% - 100%
- **Yellow:** 70% - 81%
- **RED:** 0% - 69%

According to eMoney Advisor : “When clients want to know how long their money will last, Monte Carlo analyses that account for market volatility will offer more accurate insight into how real-world market conditions will affect a client’s finances....

It is highly advised to strive to write financial plans where scenarios are in the **GREEN** zone. The green zone means the high range of statistical likelihood, via Monte Carlo simulations, of success tied to your goals and the future.

“According to eMoney Advisor...Beyond the accuracy of financial plans, however, is the fact that Monte Carlo simulations can give clients a valuable sense of financial security. When clients know their plan has been tested in over 1,000 different market conditions, they can rest easy knowing their finances are secure and that they are on track to reach their most important goals in life. They can feel that their financial situation is in good hands—that their advisor is not only capable but also dedicated to acting in their best interest.”

“These simulations can provide clients with more certainty in an uncertain world. Monte Carlo simulations can be a powerful way to give clients confidence in their plan.”

With plenty of noise and uncertainty in 2025, we recommend to make the financially savvy move, to create a financial plan if you have not done so; or if you already have one then to refresh the financial plan, and to use it as your north star as you steer through the volatility and strive for long-term financial success!

Written by Justin D. Hamlin, CFP®, AEP®

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