

Why you need a financial plan

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“A goal without a plan is just a wish.”¹

If you set a goal, but don't create a plan to achieve that goal how will you attain it? How will you hold yourself accountable? How will you track your progress along the way? Likely, you won't. You will continue to dream.

Set your goals

Do you want to go to college? Do you want to start a business? Do you want to move across the country? Do you want to retire at age 65? These are not dreams, these are attainable goals.

Think, for a moment, about professional athletes. They were once children with big dreams. Those dreams became goals as they continued to excel in their respective sports and realized their potential. Yes, they have innate talents that set them apart from other athletes, but they would not be able to achieve their successes without setting goals, creating plans (training schedules, workouts, meal plans, etc.), holding themselves accountable and tracking their growth and progress along the way. Natural talent will only take them so far and the competition is brutal.

For every goal you set, write it down and create an action plan and timeline to help you achieve it. Written plans are critically important to helping you along the way. When it comes to your personal finances, the same is true. A written financial plan can be used to identify your short and long-term wealth objectives and to create and implement strategies to help you achieve them. Your financial goals become attainable and measurable. Keep in mind, the plan you create should be dynamic and flexible so that life changes can be accounted for, and updates can be made along the way.

Create the roadmap to meeting your goals

Not everyone is a planner. If that is you, you are not alone. Only 33% of Americans have a written financial plan, according to Schwab's 2021 Modern Wealth Survey.² Lack of time, lack of money, or it's too complex are just a few of the reasons individuals say they don't have a financial plan, written or not. However, 92% of Americans say nothing makes them happier or more confident than when their finances are in order.³ Although planning may not be your favorite pastime, it can help you get your personal finances in order, it can instill confidence, create better money habits for you and your family, and it can help reduce financial stress. Putting in the time up front and getting started, even with small amounts, can materially affect your savings and personal wealth in future years.

The best way to prepare and help reduce financial stress is to create a written financial plan that you can hold yourself accountable to.

- What are your financial goals for this year? For the next five years?
- Are you building up an emergency fund?
- Are you buying a home?
- Are you planning for a wedding, maternity leave, childcare, private education, or college expenses?
- Are you planning for retirement?
- Do you plan to travel?
- Would you like to leave a legacy for the next generation?
- Do you have a passion for philanthropy?

Consider professional guidance

It is important to not only think about what it is you are trying to accomplish but to take it a step further and develop a written strategy to help you achieve your own unique objectives. Have the conversation, ask yourself (and your partner) to prioritize those goals, and reach out to a trusted financial advisor to help create a written financial plan that can keep you on track. Having a plan will bring you confidence, help reduce financial stress, and put you well on your way to creating your own financial success.

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1. A Little Prince by Antoine de Saint-Exupéry

2. Schwab Modern Wealth Survey, 2021

3. Northwestern Mutual 2019 Planning & Progress Study

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