

## Your Financial Plan is all about “buckets”.

Like most 16 year olds I wanted a car as soon as I received my license. Cash was a problem but I knew the solution. I visited Grandma Mae as she was the banker of the family. She loaned me \$600.00 and I signed a note whereby I would pay her \$50.00 per month for twelve months (no interest required for grandkids). My education began as she pulled open the top dresser drawer to get the cash ..... Inside were ten or twelve cigar boxes. A box for church, a box for rent, a box for new drapes, a box for taxes, emergencies, vacation ..... You get the idea. My Grandmother would divide up her retirement checks into various boxes based on her needs and wants. Grandma Mae was a Financial Planner and didn't know it!

I like to use buckets in place of cigar boxes. Dresser drawers are replaced by investment companies, banks, insurance companies. The concept, however, is the same. Here is how it works. Team up with your advisor and .....

Decide how many buckets you NEED (pretty easy).

Decide how many buckets you WANT (quite fun).

Prioritize each bucket (very hard).

Allocate current or future resources to each bucket (not so easy).

Manage each bucket based on ..... (your advisor should play key role here)

    Risk tolerance (how well you sleep at night)

    Timing

    Specific goal

It is probable that you will have smaller buckets inside a larger bucket, for example:

Your retirement bucket may include your 401k from work, your spouse's 403b, a Roth IRA that you have been contributing to and maybe Social Security. All of these retirement buckets must be coordinated.

It is also probable that buckets will be added, subtracted or changed throughout your lifetime ..... marriage, children (college, YIKES), change in priorities, etc .....

Your Financial Advisor should be helping you with each step of this process ..... IS YOURS ?

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