



## Traveling the Road To Financial Independence

Stephen P. Ahern, CPA/PFS, CFP

Shareholder

Sullivan Bille, P.C., CPAs

Boston – Tewksbury – Salem, NH

What is financial independence? There are many answers to this question, each one its own winding road paved with advice and built by whomever you ask. If you examined each answer you likely would find a common thread. Put simply: Financial independence means reaching a level of wealth to live comfortably, with no worries about stock market performance or Social Security solvency.

### Ask Effective Questions

If you are to arrive safely at this destination, you must thoroughly chart your journey toward financial independence. And because your objectives, like pinpoints marking a path on a map, will change along the way -- as will your financial picture and future prospects -- you need to regularly assess where you presently are to stay on course as you travel toward retirement. To get started, take inventory of your finances by asking yourself questions related to key financial areas such as:

**Retirement plan assets.** What assets do you currently hold in retirement plans? Does your employer provide great 401(k) contribution matching? If so, terrific -- you may be able to dramatically increase your retirement savings by taking full advantage of this benefit. And speaking of your 401(k), do you have a trail of retirement plan accounts from former employers? Do you have any idea how those accounts are invested? Should you consolidate them? Are you a business owner or self-employed individual? If so, are you contributing to a retirement plan?

**Assets invested outside the retirement plan.** How much do you save and invest annually outside of your retirement plans? Do you see that amount increasing or decreasing?

**Business ownership.** Do you own a valuable yet illiquid business? How will you use its value to achieve financial independence?

**Real estate.** Do you own your own home? Have you invested in other property?

**Collectibles.** Do you own antiques or other collectibles that will retain their value or increase in value over time?

**Postretirement income.** How long will you continue to work? Do you plan on generating some income after you retire by working part time, offering consulting services or taking a “fun” job to fill the time?

**Investments.** Is your portfolio invested in a way that manages the risk you are willing to tolerate while aiming for the reward you are seeking? An aggressively managed portfolio may provide some benefit or it may not. On the other hand, a conservatively managed one may not achieve enough income and appreciation to meet your goals.

**College costs.** Keep in mind the cost of sending your child to college can have a significant bearing on your financial outlook. Tuition rates have been increasing at an average of 7% per year, so your child's education potentially could be very expensive. How should you save for that expense?

### **Reach a Happy Journey's End**

You must answer numerous questions to stay on the road to financial independence and a happy retirement. You need to assess your life's many details -- both financial and nonfinancial -- and then decide what route best suits your needs and objectives. Please call us; we can help you sort through the choices and steer yourself in the right direction.