

Money Matters: 5 reasons to plan for the unknown

By Rick Gross

When you plan for the future, you may think about positive events such as marriage, starting a family, retirement or grandchildren. Yet there are other life changes such as job loss, illness, disability, or the need to care for a family member that can take an emotional and financial toll.



Rick Gross

While it's natural to avoid thinking about these difficult events, it's short-sighted to ignore the possibilities. Here are five compelling reasons why it's better to prepare your finances for the unexpected rather than simply cross your fingers.

Challenging life events are hard enough to manage. Financial decisions made in a moment of crisis may not be the soundest ones and could have consequences for years to come. If you have financial contingency plans in place, you may have less to worry about or distract you from the issue at hand. You can be free to focus on pressing personal situations when it matters most.

You'll have more choices. Planning when things are going well will give you more options for protecting your finances. Certain options that guard against financial loss may not be

available when tragedy strikes. For example, it's too late to buy insurance after a kitchen fire or a family member becomes ill. Planning ahead can give you peace of mind that you'll be ready for these types of events.

Careful planning takes time. When you face an unexpected situation, you may not have the time or energy to consider your options carefully. With time on your side, you can be more deliberate, thorough and informed. For example, you can make multiple appointments to meet with tax, medical, financial planning and legal professionals to get advice and recommendations. These professionals can help you with a variety of tasks to prepare for the unexpected, such as updating your will, researching and comparing prices on financial products or insurance, establishing a trust or completing a healthcare directive. All of these arrangements can be complex, requiring a certain amount of your time and attention to get them in order.

It's the considerate thing to do. Imagine the burden to family members if you're incapacitated and your finances are in disarray. Having your financial dealings in order makes it easier for a loved one to step in and help, as needed. Make sure a trusted family member knows where key financial documents are and how to contact the professionals who help with your finances.

Action beats fear. Conventional wisdom urges us to 'hope for the best and prepare for the worst.' It's good advice, and having a plan in place is empowering. You may not be able to prevent every unpleasant occurrence in life, but you can soften the blow of a personal hardship by putting safety nets in place. A financial advisor can help you identify options to prepare for life's uncertainties.

Rick Gross is a financial advisor and private wealth advisor with Ameriprise Financial Services in South Lake Tahoe.