

# SIX PILLARS OF FINANCIAL SECURITY

*An Insurance Agency Owner's Guide to Managing Their Money Wisely*

As insurance agency owners, we are uniquely positioned to fund all the things we value most with the revenue we create. My 6 pillars are based on time tested principles that serve as the foundation to build wealth and to create financial security.



## Pillar 1: Know Where Your Money Is

As agency owners, it's easy to lose track of assets over the years. From forgotten investment accounts to more bank accounts than we need, keeping an up-to-date inventory of your assets is important. In addition, tracking your debt and terms of that debt is critical. Your net worth, the difference between what you own and owe, is one of the financial metrics to track. Don't forget to include a realistic value of your agency and other business interests as assets.

*Action Item: Calculate your net worth.*



## Pillar 2: Know Where Your Money Is Going

Your agency's revenue is the building block of creating financial security. Building a solid future starts with understanding where you spend your dollars. Answering the question, "Where the heck is all my money going!?!?" and becoming "spending aware" is the start to building financial independence. Our agencies drive a lot of money and we need to know where it's going.

*Action Item: Review all expenses, business and personal, from the past 3 months.*



## Pillar 3: Plan Where You Want Your Money to Go

Budgeting is essential, but it doesn't have to be rigid. As agency owners with substantial cash flow, we should allocate our dollars towards the things that matter most to us. A budget, or spending plan, ensures that our spending decisions reflect our goals and values and gives purpose to our spending.

*Action: What are the most important things you want to ensure you spend money on?*



## Pillar 4: Squash Debt

Debt poses a threat to financial security and must be addressed decisively. Overspending and accumulating consumer debt erodes our net worth. Of course, we can't avoid debt entirely, but we should only take on debt that has a justified return on investment (ROI) for the cost of borrowing. Taking on debt for business expansion and property acquisition is generally preferable than taking on debt to funds lifestyle choices. better

*Action: Evaluate all your debt to determine if it has a justified ROI*



## Pillar 5: Save For Tomorrow

While saving for retirement is important, it's equally important to save for short-term needs (emergencies) and invest for the potential early exit from ownership, when we sell. As agency owners with a significant portion of our net worth tied up in our businesses, creating liquidity through saving and investing gives us options.

*Action: Determine what percentage of your take-home money (salary + distributions) you are saving*



## Pillar 6: Give To Others

Giving to others is a value shared by many insurance professionals. Some of the more successful agencies integrate giving into their business plans and personal finances. Their generosity is not only impacting communities, but they are shaping their legacies and influencing their families. Be intentional and purposeful with your giving. Explore inspiring stories of generosity from your peers on the Stuff About Money Podcast mini-series, "Insurance Professionals Are Givers"

*Action: Incorporate intentional giving into your financial plan*

I am Erik Garcia, CERTIFIED FINANCIAL PLANNER™, and financial advisor, and I help Insurance agency owners convert their income into wealth. As an investor in an independent insurance agency, I understand finding the balance to the challenge of operating an agency while capitalizing on opportunities to diversify wealth. I help clients with tax planning, estate planning, retirement planning, investment management, debt reduction, agency succession and cash flow management.



© Plan Wisely Wealth Advisors • Privacy Policy • Securities offered through **Osaic Wealth, Inc**, Member FINRA/SIPC Advisory Services offered through New Century Financial Group, LLC – A Registered Investment Advisor. **Osaic Wealth** is separately owned and other entities and/or marketing names, products or services referenced here are independent of **Osaic Wealth**.

No offers may be made or accepted from any resident outside the specific state(s) referenced. Royal Alliance nor its representatives or employees provide legal or tax advice. If legal or tax advice or other expert assistance is required, the service of a currently practicing professional should be sought.