

A complete financial plan covers more than just investments. From cash flow to legacy planning, five core pillars work together to help keep your finances on track. Knowing what they are helps you make the most of every conversation with your advisor.

WHAT A COMPLETE FINANCIAL PLAN LOOKS LIKE — AND WAYS TO KNOW IF YOURS MEASURES UP

May 5, 2026

Key Takeaways:

- A strategic financial plan covers five interconnected areas: income planning, investment planning, risk management and insurance planning, tax planning and legacy planning.
- Gaps in any one pillar can potentially undermine the strength of the others.
- Regular reviews help ensure your plan keeps pace with life changes, market shifts and evolving goals.
- Your financial advisor can help you identify which pillars may need attention and what steps make sense for your situation.

Overview

When most people think about financial planning, they think about their investment portfolio. Returns, asset allocation and diversification: These are the concepts that tend to dominate the conversation. While investing is certainly important, a truly strategic financial plan is much broader.

Think of a comprehensive financial plan as a structure held up by five distinct pillars. Each one serves a specific purpose, and each is connected to the others. When all five are in place and regularly maintained, the overall plan is far more resilient. When one is missing or neglected, it can weaken the entire structure.

Understanding what each pillar covers and evaluating your own plan against them puts you in a stronger position to have productive conversations with your advisor. It can also help you make more informed decisions about your financial future.

Pillar 1: Income Planning

Everything in your life works around cash flow. How much comes in, how much goes out and what happens with what's left over — this is the foundation on which all other planning rests. A plan that ignores income planning is a plan built on unstable ground. Income planning starts with a clear picture of your income sources and spending patterns. Beyond basic budgeting, a well-crafted cash flow strategy also addresses:



- How much you're saving and whether your savings rate aligns with your retirement goals
- How you're managing debt, including high-interest balances and mortgage obligations
- Whether you have an adequate emergency reserve so that unexpected costs don't force you to tap long-term investments
- How your spending patterns may shift as you approach and enter retirement

For people in or near retirement, income planning also involves income distribution. This could include understanding which accounts to draw from first, when to claim Social Security and ways to create a predictable income stream from your accumulated assets.

Pillar 2: Investment Planning

A strategic approach to investing typically starts with your goals, timeline and comfort level with risk (i.e., your risk tolerance) and builds outward from there.

Your portfolio should be designed with purpose. That means understanding why you own each investment, how it's expected to behave in different market conditions and how it fits within your overall plan. It also means having a process for staying on course when markets drop and knowing when it makes sense to rebalance.

When you meet with your financial advisor, they'll usually review your portfolio to answer these questions:

- Does your current portfolio reflect your current risk tolerance, or has market performance shifted your allocation away from your target?
- Are you invested appropriately for your time horizon? Someone 15 years away from retirement has different needs than someone who plans to retire next year.
- Are you diversified across asset classes, geographies and investment types, or are you more concentrated than you realize?
- Do you have a plan for managing your income distributions if markets turn volatile and account balances decrease?

Markets will always have periods of volatility. A strategic investment plan helps give you a framework for navigating those periods without making emotionally driven decisions.

Pillar 3: Risk Management and Insurance Planning

Even the ideal financial plan can be derailed by an event you didn't plan for. A serious illness or disability, the premature death of a breadwinner or an unexpected long-term care need can all have significant financial consequences. Risk management and insurance



planning is the pillar that helps preserve everything else. Insurance planning is one of the primary tools for helping to manage financial risk, but having a policy doesn't automatically mean assets are adequately preserved. Coverage that you put in place five, 10 or even 20 years ago may no longer match your current situation.

Key areas to evaluate include:

- Life insurance: Is your coverage sufficient to help preserve your family's financial future? Does your policy still align with your current income and obligations?
- Disability insurance: Your ability to earn income is often your greatest asset. If you became unable to work, would your finances hold up?
- Long-term care planning: The cost of extended care can be substantial. Whether through dedicated insurance, hybrid policies or self-funding strategies, having a plan in place to cover long-term care expenses is essential.

Risk management and insurance planning often gets less attention than investing, but overlooking it can leave critical gaps in an otherwise solid plan.

Pillar 4: Tax Planning

Taxes are one of the most controllable expenses in your financial life, as long as you plan proactively. Reactive tax planning, or simply filing your return each April, can leave money on the table. A strategic approach integrates tax considerations into your financial decisions throughout the year.

Effective tax planning in the context of a financial plan could include:

- Asset location: Placing the right investments in the right account types (taxable, tax-deferred or tax-free) to help maximize after-tax returns
- Roth conversion strategies: Evaluating whether moving assets from traditional to Roth accounts makes sense based on your current and future tax rates
- Tax-loss harvesting: Strategically realizing investment losses to offset gains and help reduce your taxable income
- Withdrawal sequencing: Determining the most tax-efficient order to draw from different accounts in retirement
- Charitable giving strategies: Using tools such as donor-advised funds (DAFs) or qualified charitable distributions (QCDs) to support causes you care about while aiming to reduce your tax burden

Tax laws change, and those changes can affect your strategies. Staying ahead of legislative shifts and adjusting your plan accordingly is one of the services your financial advisor offers, and it can make a big difference for your future income.



Pillar 5: Legacy Planning

Legacy planning is often treated as something to handle later or something that only affluent families need to think about. Neither is accurate. If you own any assets at all, it's beneficial to make sure your wishes are clearly documented and that your assets are distributed in the way you intended.

At its core, legacy planning involves these pieces:

- A current will that reflects your wishes and designates a guardian for minor children, if applicable
- Updated beneficiary designations on retirement accounts, life insurance and annuities
- Powers of attorney and health care directives, so someone you trust can make decisions on your behalf if you're unable to do so
- Methods for potentially minimizing the tax burden on your estate and on your heirs
- Trust structures where appropriate, which can provide greater control over how and when assets are distributed

Life changes — marriage, divorce, the arrival of grandchildren or the death of a named beneficiary — should prompt a review of your estate documents. With your permission, your financial advisor can coordinate and collaborate with your estate planning attorney and other professionals to make sure your plan is current and accurately reflects your wishes.

Final Thoughts

No pillar operates in isolation. That's why a truly comprehensive financial plan requires looking at all five pillars together, not just addressing them individually. When one pillar changes, others may need to adjust as well.

If you're unsure whether your current plan addresses all five areas, or if you'd like to evaluate where gaps might exist, schedule time with your financial advisor. A conversation built around this framework can help clarify what's in place, what might need attention and what steps make sense for where you are today.



Any references to guarantees or lifetime income generally refer to fixed insurance products, never securities or investment products. Insurance and annuity product guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.

Investing involves risk, including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

Neither the firm nor its agents or representatives may give tax or legal advice. Individuals should consult with a qualified professional for guidance before making any purchasing decisions.

[Firm] has a strategic partnership with tax professionals and attorneys who can provide tax and/or legal advice.

A Roth Conversion is a taxable event and may have several tax related consequences. Be sure to consult with a qualified tax advisor before making any decisions regarding your IRA.

This content is provided for informational purposes. It is not intended to be used as the sole basis for financial decisions, nor should it be construed as advice designed to meet the particular needs of an individual's situation. None of the information contained herein shall constitute an offer to sell or solicit any offer to buy a security. Individuals are encouraged to consult with a qualified professional before making any decisions about their personal situation. The information and opinions contained herein provided by third parties have been obtained from sources believed to be reliable, but accuracy and completeness cannot be guaranteed by AE Wealth Management. Neither AEWMM nor the firm providing you with this report are affiliated with or endorsed by the U.S. government or any governmental agency. AE Wealth Management, LLC (AEWMM) is an SEC Registered Investment Adviser (RIA) located in Topeka, Kansas. Registration does not denote any level of skill or qualification. The advisory firm providing you this report is an independent financial services firm and is not an affiliate company of AE Wealth Management, LLC. AEWMM works with a variety of independent advisors. Some of the advisors are Investment Adviser Representatives (IARs) who provide investment advisory services through AEWMM. Some of the advisors are Registered Investment Advisers providing investment advisory services that incorporate some of the products available through AEWMM. Information regarding the RIA offering the investment advisory services can be found at <https://adviserinfo.sec.gov>.

5/26 – 5052734

