



How to Get Started on Your First Financial Plan

by Jeff Brody, Lead Communications Director | Oct. 29, 2021 | 2 mins

Here's how to take control of your finances if you've never even heard of a financial plan.

For those of us who are “financially challenged,” planning for the future sounds overwhelming. But it doesn't have to be complicated when you break things down into small steps. And your future depends on it.

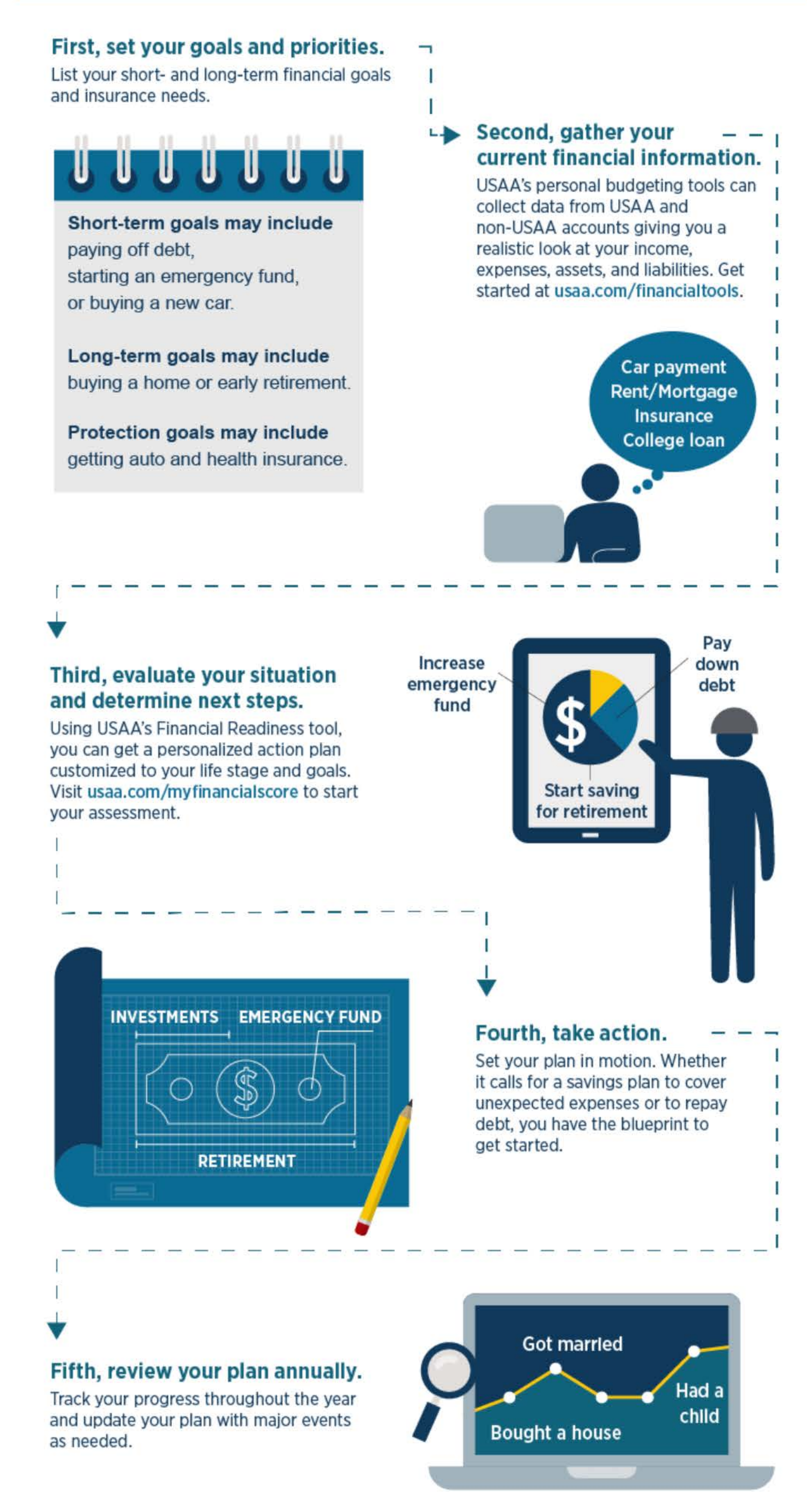
One of the easiest ways to get a sense of control is by creating a financial plan. A plan simply outlines your financial goals and maps out how you'll achieve them.

Here are several tips for getting your first financial plan set up today:

- **Easier is better.** Don't let the name fool you — a financial plan doesn't need to be complicated, says JJ Montanaro, USAA Certified Financial Planner. Start by creating a simple budget of your income and expenses, make sure you have adequate insurance, and work toward paying down debt and saving for retirement. “Planning can be as simple as figuring out how to manage your paycheck on a month-to-month basis and squirreling away enough money to set up an emergency fund,” he says.
- **Create goals.** Give significant thought to your life goals so that you have some motivation. “It's critical that you're working toward something and have benchmarks along the way to keep track,” Montanaro says.
- **Stay flexible.** Understand that your financial plans can — and must — evolve as your life changes. For example, having kids can dramatically alter your finances, from the cost of raising them to saving for college. Don't be afraid to review your goals as family, career and health demand.
- **Do it yourself.** You don't necessarily have to spend money a financial professional to get started. Search for online planners and calculators that can help you reach goals, such as establishing an emergency fund or putting together a diversified investment portfolio for retirement. Montanaro says you should consider consulting a professional financial planner at critical points in your life, such as marriage, divorce or retirement.
- **Don't let insurance be an afterthought.** A good financial plan includes making sure you have enough coverage for when things go wrong. Policies for renters insurance, health insurance, life insurance, to name a few, are there to protect you and your loved ones from potentially disastrous financial losses. Understand that the right amount of insurance will vary over time, depending on your circumstances. Re-evaluate your policies every year to make sure you're adequately insured.

Start With a Plan

Creating a blueprint for your goals helps you define long-term success.



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