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FINANCIAL WELLNESS FOR YOUNG PROFESSIONALS

Take Inventory: A Holistic Approach to Managing Your Retirement and Beyond

As you continue to build your financial future, it's easy to get swept up in the excitement of accumulating savings and assets. But one of the most critical steps in ensuring you stay on track is to regularly take inventory of where you stand—and where your assets are. This is especially important as you accumulate more accounts, whether for retirement or other financial goals.

The more accounts you have, the harder it can be to keep track of everything, but this is exactly why it's essential to stay organized. When assets are scattered across different retirement plans, brokerage accounts, and savings vehicles, it becomes much more challenging to have a clear picture of your financial health and progress. Just as you would keep tabs on your investments to make sure they align with your goals, you must also monitor the bigger picture—ensuring your accounts, whether new or old, are all heading in the same direction.

The Risk of Losing Track

Over time, it's easy to forget about or lose track of certain accounts—whether they're old retirement accounts from past employers or investments you haven't touched in a while. The challenges that arise from losing track of your financial assets are twofold. First, if an account is left untouched, you may find yourself trying to achieve your goals with fewer resources than you originally anticipated. Second, accounts that aren't being monitored may drift from your intended investment strategy, creating misalignment with your overall financial plan.

A Hypothetical Example: Missed Alignment

Let's consider a young professional in their early 30s. Over the years, they've accumulated several retirement plans:

- **Retirement Plan 1**: $34,000; 45% Equity / 55% Fixed Income (left with a former employer)
- **Retirement Plan 2**: $22,000; 90% Equity / 10% Fixed Income (left with another former employer)
- **Current Retirement Plan**: $48,000; 90% Equity / 10% Fixed Income (active with their current employer)

The individual is comfortable with market risk and has a long time horizon, so they've decided that an aggressive asset allocation of **90% equities and 10% fixed income** is appropriate. However, when they review their accounts, they notice a different picture:

- **Retirement Plan 1** is significantly more conservative than expected, with a **45% equity allocation and 55% fixed income**.
- **Retirement Plan 2** and the **Current Plan** are aligned with the aggressive strategy they had in mind, each with **90% equities**.

When looking at the total of all their accounts combined, their actual asset allocation is closer to **75% equities and 25% fixed income**—far more conservative than they intended. Had they not taken the time to revisit this account and adjust it, their long-term growth potential could be compromised, costing them tens of thousands—or more—over the course of their career.

This is a common mistake. It's easy to overlook or forget about accounts, especially when you've changed jobs or opened multiple accounts. But leaving any part of your financial plan unaddressed can impact your success.

When you don’t monitor and align your accounts consistently, you risk derailing your progress toward your retirement and other financial goals.

A Holistic View of Your Assets

To avoid these missteps, it’s important to take a holistic view of your financial situation. This means regularly reviewing all your accounts—retirement and otherwise—and ensuring that they align with your overarching financial goals. When you integrate each piece of the puzzle and adjust them in tandem, you create a clear, intentional strategy that gives you the best chance for success.

As you accumulate more accounts—whether you’re opening a new retirement plan, an investment account, or a savings vehicle—always ask yourself: Does this fit into the bigger picture? Are these assets working together in harmony? By regularly assessing your financial landscape, you can ensure that your savings are actively contributing toward the future you envision.

Final Thoughts

Taking inventory of your accounts isn’t just about making sure your retirement savings are on track—it’s about maintaining a comprehensive, unified approach to all aspects of your financial life. The more organized and intentional you are about where your money is going and how it's working for you, the more confident you can be that you're heading in the right direction. So don’t wait—start today by taking stock of your assets, and make sure they’re all moving in alignment with your long-term goals.

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