



FiLife Contributor

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**One Smart Guy: Wealth Building Tips For Entrepreneurs & Individuals**

## 3 Obstacles To Financial Success: Part 1

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by OneSmartGuy

### ***Don't let procrastination or fears stop you from making the right plans.***

As a financial planner, I've seen what leads to wealth building success and what leads to failure. Before coming to see me, many of my clients had taken different paths. Some were doing financial planning and investing themselves, some had never had a financial plan before, and some had unsuccessful past experiences using a stockbroker or planner. All of these people had achieved some success in their business lives. All are intelligent and energetic individuals. So what kept them from achieving their wealth-building or wealth management objectives? There are practical obstacles, but in my experience, the greater stumbling blocks are often emotional and behavioral ones.

We're going to look at three common obstacles to building wealth that can inhibit people from taking action to achieve their financial independence: procrastination, fear of loss and fear of not making the right decision. In the first part of this series, I will discuss procrastination.

### **Procrastination**

Some people feel they are so busy with business, home and family obligations that they just do not have the time to spend on their finances. They have an emotional block that prevents them from getting around to this critical task.

Why? Sometimes a person doesn't know where to begin and may be embarrassed to ask for help. Other times, it may be nothing more complicated than having trouble following up on good intentions. A perpetual procrastinator. I find the same can be true for some people when it comes to devoting time and energy to determining wealth-building goals and identifying the steps for achieving them. Many of these individuals never complete a personal or business financial plan.

Then sometimes the procrastinating business owner will suddenly snap out of it and finally take action, but with disastrous results. To end the guilt over not planning, this person will act impulsively, making a few quick "gut" decisions to finish the whole thing. That takes a lot less time than prudently evaluating the situation. These men and women may feel good about taking something off their to-do lists, but they won't be happy with the results.

### **The Entrepreneur**

Delaying a needed financial planning action can cost people significant sums. One example that comes to mind cost a procrastinating client \$20,000! I had recommended to a pharmaceutical industry consultant client that he contribute \$50,000 to a solo defined benefit plan. He was in a 40% tax bracket, so the \$50,000 contribution would save him \$20,000. The defined benefit plan needed to be set up prior to December 31. He was given the required paperwork to sign and we reminded him several times to get this done before year end. But he didn't.

Months later, when the client saw his prepared tax return ready for filing — and the liability he owed — he said now he was ready to contribute to the plan and save himself \$20,000, but it was too late. He had to treat Uncle Sam to \$20,000. This entrepreneur's only simple trick was to have had his defined benefit plan in place by December 31 to count for that particular tax year.

Do you think this is a rare occurrence? Unfortunately, it's not. I have seen this exact scenario where clients neglect to set up a defined contribution or defined benefit plan, by the year's end, occur three times! Choosing between sheltering your money in a retirement plan or handing it over to the government is a no-brainer.

Don't let procrastination take cash out of your pockets!

**Next time:** Fear of loss.

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