

Some Insights On: Life Events

7 Major Life Events That Might Change Your Financial Plans

If you've already got savings and investment plans in place for all of your important life goals—retirement, house, kids' college, and such--pat yourself on the back for taking charge of your financial future. But don't rest on your laurels. Strong financial plans need to be adapted regularly if they're going to continue to fit your needs through the years. [Winston Churchill](#) said, "To improve is to change; to be perfect is to change often."

Here are 7 common life events that should send you back to your goals and financial strategies to make sure the plans still work for you.

1. Marriage

Before heading to the chapel, sit down with your honey and refine your financial goals as a couple. After all, your marriage will unite not only two sets of dreams for the future, but possibly two incomes and two sets of debt. Take the time to evaluate your priorities and align your financial goals together. What's important to you as a team—saving for a home, an around-the-world trip, or someday starting a family or launching a business venture?

2. Buying a House

Owning your own home is a major life milestone, beyond the obvious fact that you, and not your landlord, are now responsible for fixing shoddy plumbing and shoveling snow. Consider expanding the size of your emergency fund to incorporate six months of living expenses, including monthly mortgage payments, insurance and the frequent Home Depot runs that are an inevitable part of homeownership.

3. New baby

They may be small, but babies pack a big financial wallop. The [USDA](#) estimates that a child born in 2013 will cost nearly \$250,000 to support from birth to age 18 – and that's not even including the price of college. Beyond planning for higher day-to-day expenses, you might consider purchasing life insurance, drawing up a will, and setting up a college savings plan.

4. Major illness/Disability

This is one potential life event that most people would rather not think about. Unfortunately, the chance of an American between and ages of 45 and 64 becoming disabled and unable to work is 1 in 5, according to the [Centers for Disease Control](#). If you or your spouse becomes disabled, loss of income, increased spending on medical bills and perhaps an early retirement could quickly derail your financial plans. Adequate emergency funds and insurance can provide a measure of protection while you recalibrate your savings goals.

5. Divorce

The end of a marriage can wreak financial havoc -- and it can be tough to keep emotions out of the decision-making process. If you're going through a divorce, bone up on financial matters and revise your financial plans to take new income levels, expenses, assets and liabilities into consideration. Keeping a cool head as you divide what was once a single nest egg into two will help keep your financial plans on track.

6. Inheritances or Other Unexpected Money

A financial windfall like an inheritance, large bonus or winning lottery ticket can be as tempting as Eve with an apple. If you're lucky enough to come into some "found money," resist the urge to celebrate by splurging on a new [Tesla Model S](#). Take time to think carefully about how the unexpected money could help you achieve your long-term goals. You might use it to pay off your debts, for example, or start a new business venture you've dreamed of. And don't forget to include potential taxes on your windfall in your revised financial plans.

7. Nearing Retirement

Your late 40s and early 50s are peak earning years when you have the most funds available to squirrel away for retirement. As you come within 10 to 15 years of that point, it's smart to evaluate your retirement readiness. Do you need to lessen the risk in your portfolio? Has your vision of retirement changed in recent years? Take the time to think carefully about how you're planning to spend your time, and whether your retirement savings will enable you to live the life you envision.