

Financial Planning – There's A Lot In It For You

What does the phrase financial planning mean to you?

- Determining lifestyle expenses
- Planning for your children's education
- Building wealth through tax-efficient investment portfolios
- Minimizing your tax burden
- Ensuring a comfortable retirement
- Mitigating risk through insurance
- Leaving a legacy for your heirs

Effective financial planning should include all of the above. Think of it as a continuous life-long process, prioritizing and guiding your personal financial decision-making and imposing order on your financial life as you live it. A Financial Plan for you and your family creates a comprehensive and integrated roadmap as you travel through life's financial stages.

Wealth-building stage

A financial plan helps you make the most with the least in your early years. It's about setting aside funds for a first home, planning for the children's education and safeguarding your future with the proper insurance protection. It's a time to start an investment and savings plan that ensures some of your financial resources are invested properly and growing.

Wealth growth and preservation stage

Through the peak earning years and in anticipation of retirement, your financial planning begins to reflect investment allocation and diversification strategies to protect and grow assets that can provide retirement income.

Wealth preservation and distribution stage

Your retirement needs are now your focus. This includes estate planning and effective tax minimization strategies to ensure the orderly transfer of assets to your heirs and other beneficiaries without unnecessary tax burdens.

Key financial planning components

As your financial plan evolves through life's stages, it focuses on these key components:

Setting financial objectives

A financial plan starts by knowing where you are now – an inventory of current financial assets and liabilities – and where you want to be in the future. How much do you need to set aside for the major purchases and events in your family's life, including your dreams for retirement? How do you finance this vision of the future? A financial plan helps you find the answer.

Lifestyle management

This is much more than balancing a cheque book every month. It's a cash management program to deal with debt reduction as well as prioritizing and managing your income and expenses.

Tax planning

Effective tax-planning involves knowing how to save, invest and spend with the least tax burden. It begins for many with individual RRSPs, RESPs and TFSAs for their children. Down the road, more complex tax strategies come into play as estate-planning objectives dominate your financial plan.

Risk management and insurance protection

In life's early stage, insurance helps to mitigate risk and safeguard you and your family against sudden personal losses. It also can protect your income in the event of a disability or catastrophic critical illness. In retirement, insurance may play an important role in providing you with an annual tax-free income, or covering long term care expenses, as well as protecting the value of your estate for heirs and beneficiaries.

Investment planning

As each of your financial stages evolves, investment strategies will change, reflecting a shift in asset allocation and investment diversity according to your changing financial needs and risk tolerance as well as the inevitable changes in the market, government tax laws and economic conditions.

Retirement planning

Preparing for retirement begins with a sound financial plan. This focuses on giving you control over when you retire as well as building and protecting the financial resources to support you when that time comes.

Estate planning

The culmination of any financial plan involves successful estate planning that maximizes your inheritable assets and allows you to leave a legacy to heirs and beneficiaries with a minimum tax burden.

If not now, when?

A Financial Plan is about you, your family and the kind of future you want to create. The earlier you start a plan the better, but everyone, no matter what age or stage in life will benefit by the planning process.

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