



Your First Step Toward Financial Planning

The first step to financial planning is imagining your retirement. The next step is devising strategies that will help you obtain the money you need to make your ideal retirement a reality. But, where do you start? Here. This is where you start.

According to a study conducted by the Financial Planning Standards Council, Canadians who have a financial plan in place are more positive about their financial future.

- 81% of respondents who had a comprehensive plan felt they were on track, vs only 44% of those with no plan felt they were on track

- 60% of respondents who had a comprehensive plan felt they can manage unexpected financial emergencies vs 28% of those with no plan felt they can manage unexpected financial emergencies

- 50% of respondents who had a comprehensive plan felt on track to retirement while 22% of those with no plan felt on track to retire

*Financial Standards
Planning Council 2012

The Four Kinds of Financial Planning

A financial portfolio encompasses planning for: investments, retirement, taxes, and your estate. Each of these involves strategic actions and specific knowledge.

- *Retirement planning* considers your transition from a *full-time* career to your desired *full-time* retirement lifestyle. It helps you know when that change can be made smoothly.
- *Tax planning* during wealth acquisition provides strategies that give you the best use of your money through tax-sheltered vehicles such as Registered Retirement Savings Plans, Tax-Free Savings Account, or the use of capital gains against losses in non-registered accounts.
- *Estate planning* is the process of identifying how you would like to direct the legacies you leave behind.
- *Investment planning* looks at your resources, what you need to live now and in the future, keeping in mind the lifestyle you want. Through this planning, strategies are identified that optimize how you are going to get there.

Your goals and means are more than numbers, they are your visions and your reality. Set clear goals first, then choose investments that help secure what you

envision. A financial advisor can take the mystery out of matching strategy to financial goals once you have decided on the lifestyle you want today and at retirement. A significant tool in your strategy is a *cash-flow plan*, which integrates your income, spending and saving habits with your lifestyle to help meet short medium- and long-term needs.

Retirement

What is retirement? I like to see it as a *transition* to your new career – be it volunteering, consulting or playing with your grandkids. Manage your wealth and you can have the lifestyle you want in your transition.

Your financial plan gives you peace of mind knowing that the lifestyle that you have worked so hard for, will be what you intended. If you have a company pension plan, prior to transition, make sure you know how it works before you sign on the dotted line. Many plans have several options and it's important to choose the right one to fit your needs. Your financial advisor can go through the fine print and explain the details to you.

Think about your transition. What you want is most likely different from your friend or neighbor. We all have unique aspirations. Having peace of mind will help you ride out the market ups and downs or unexpected needs that arise during your transition. With a financial plan in place you are equipped with knowing how much money you have from year to year to support your lifestyle once you are no longer working. Putting good food on the table means a very different thing to a gourmand than it would to someone who enjoys home-cooked casseroles best.

Transitioning can be a time to do more of what you wanted to do – or to try something new. It is about shifting to a new era, one in which you are now in charge of your hours to do with them as you wish. You may want to indulge an entrepreneurial passion or take it easy and enjoy your newfound freedom.

What most people want is to know that they will be fine in their new lifestyle. Only you can decide what that looks like for you. Working with a financial planner can set you on the right path to realize what you have always imagined as your ideal lifestyle.

“Canadians who work with a CFP professional are 32% more likely to feel very knowledgeable about financial matters.”

**Financial Standards
Planning Council 2015*

Thoughts from the Author

There are three steps to establishing a financial strategy that suits you and your goals. First, consider your risk tolerance, goals and objectives when building your financial plan. You define your goals and vision for your future. Second, diversify your investments among the asset classes to reduce risk. Third, I can't stress enough but to review...review...review your strategy annually to ensure your investment portfolio is aligned with your financial plan.

Whether you are saving money for the future, using your savings as income, or leaving it to your children or a philanthropic endeavours, your financial plan must match your core values and be tailored to the lifestyle you want. Responsible investing may be a good choice for you.

It is important that you know what you want to do when you transition. Ask yourself these questions to start thinking about it:

- What will I miss when I am no longer working?
- How do I want my retirement to look?

Financial planning for your transition is more than just dollars, it also requires answers to non-financial questions. Talk to your advisor.



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** These results come from research conducted by the Financial Planning Standards Board in partnership with the Financial Standards Council in June and July of 2015. It involved over 19,000 adults in 19 different countries, including over 1,000 in Canada. Petra Remy is an Investment Advisor with CIBC Wood Gundy in Edmonton. The views of Petra Remy do not necessarily reflect those of CIBC World Markets Inc. CIBC Wood Gundy is a division of CIBC World Markets Inc., a subsidiary of CIBC and a Member of the Canadian Investor Protection Fund and Investment Industry Regulatory Organization of Canada. If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor.*