

A Financial Plan-For Our Peace of Mind

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By Wes McComb

A financial plan is the cornerstone to a person's fiscal health. By going through the exercise of detailing our current situation we are then able to decide on a course of action. A proper plan educates us on the many aspects of our economic lives. It allows us to see the big picture including savings, investing, estate, charity, banking, retirement, insurance etc., so that they all work together in the most efficient way possible.

It is the guide we can go to during setbacks and unforeseen events. It can remove some of the emotions that may make us make decisions that are not in our best interest. At its best, it gives us a peace of mind, the knowledge that we are on the right path that is based on reality.

Being educated about our finances is one of the benefits of a plan. It doesn't mean that we need to be an expert in all aspects, but a working knowledge really is important. When unforeseen events happen (unexpected illness, new charitable commitments, career changes etc.) it will be necessary to let us know in order to update and adjust the plan. As well, there is so much noise and misinformation out there. Your plan brings clarity. Knowledge helps us recognize what is relevant to our situation and what can be ignored. This stops us from spinning like a top every time a friend tweets about a stock or an afternoon on the internet convinces us that our children are out to get our money. (they are, but most of them are patient enough to let time takes its course).

Most of us keep each aspect of financial planning siloed. Meaning we have a lawyer, an accountant, a banker, an insurance agent, and other advisors. A good plan ties all of this together to ensure that each part makes sense for what our goals are. It also can bring tax and estate efficiency. When should joint accounts be used? Where should that insurance policy be held? What kinds of trusts are needed? Dividends vs interest and where to earn each? Do our beneficiary designations make sense? What to do with cottages and investment properties? Does your executor or spouse know where to find the necessary documents? Have you had a family meeting to outline your intentions and to answer questions? And the wealthier we get the more questions there are. All these siloes get broken down in your financial plan. Each part is connected to the others in an informed and structured manner.

The process of gathering the required information and articulating your needs, wants and goals for your plan is an excellent exercise. It is like writing a journal. It sharpens and clarifies your thoughts. It allows us to formally outline where we want to go and the best way to get there. There will be setbacks and unexpected deviations from our path going forward, but our plan keeps us focused on our endpoint. For example, in the last year or so we have seen many clients consider buying a cottage. Is the cost, maintenance and time involved worth it? This needs to be thought through as it may mean less travel or a time commitment that doesn't fit our lifestyle. Or should we give the kids money now? And if so, how much so it doesn't affect our own retirement? It tends to be pretty hard getting it back once it has been given away.

Having a financial planner as a partner can reduce your stress. We should have a professional put our fiscal house in order so that we don't have to worry about it. If we don't have a plan there can be nagging doubts that we are missing something or have forgotten details or were unaware of changes in tax or legal matters. The ability to offload some or all of this to someone else who has your best interests in mind can be immensely beneficial. Maybe you will even start sleeping through the whole night again.

At National Bank Financial we have three levels of financial planning. I do financial planning lite, as I call it. This would be appropriate for most people. For the next level of complexity, we have a dedicated planner on the regional level that helps more complicated situations. And thirdly we have a planner that comes in for the ultra high net worth clients that need more sophisticated and specialized planning. I like to sit in, or listen in, to as much of these more complex cases as possible because even after 20 some years as a planner there are still things to learn.

For your peace of mind lets get started. Give us a call or email and maybe we can help you get to where you want to go.