

INVESTMENT PLANNING COUNSEL'S

Special Report



Live *your* dream.

YOUR FINANCIAL GAME PLAN

In Gear *and* On Track

No matter who you are, what you do or how old you are, you have dreams. Maybe you'd like to own a house, have a family, build a business or ensure you're able to travel the world when the time comes. Those dreams have a price tag and this special report will show you how to establish a winning game plan to make those dreams a reality. Financial planning is not a cold-blooded, penny-pinching exercise; it's about setting a strategy – offensive and defensive – building the right habits, and surrounding yourself with a team of coaches and experts to guide you and cheer you on.

TIME IS ON YOUR SIDE

If you're in your 20s or 30s, you have one major asset that your parents don't have: time. Time, plus the habits you start now, can work wonders. You've got 20, 30 or 40 years and if you start today, you'll be in gear and on track to make your dreams come true.

SET YOUR GAME STRATEGY

Only you can identify your life goals and priorities. Do this first; everything else depends on it. Once you know what's most important in your life – in one year, five years, 10 years – everything else in your game plan will take shape. Goals change, of course, and so will your game strategy.

DAILY DISCIPLINE

Know the value of an hour. The most important lesson when starting out is to figure out what your effective hourly rate of pay is – after taxes and any other deductions. That way, when you're deciding whether you can really afford that new snowboard or that hot new golf club, you'll know exactly how many hours of work it takes to pay for that new toy.

Pay cash for toys and luxuries. It might make you think twice about forking over a wad of \$20 bills.

Start a regular savings program. Allotting a part of every paycheque to savings is an incredibly easy yet powerful wealth builder. Ten per cent of take-home pay is a great rule to follow. And that savings account can build you a buffer in case of emergencies.

Trust the magic. The magic of compounding, that is. Compounding can cause a small investment to grow exponentially over time as the income is reinvested. An investment of \$1,000 that earns 4% per year will be worth \$1,040 in one year – but in future years, compounding pays interest on the income as well as the original investment. So after the second year, your investment grows to \$1,081. After five years, it reaches \$1,216. That's how a little habit turns into a big success. One month at a time.

Establish a credit history. Your credit rating sums up your reputation as a borrower. It evaluates your debt management over the past six years. Without a credit rating, few institutions will trust you with borrowed money. The easiest way to get a credit rating is to get a credit card. Use it and pay the balance in full and on time every month. If you abuse it, you'll have a bad rating, which is worse than no rating at all.

Know the good from the bad. Stay on top of your debt and pay off your highest-cost debt first. Good debt is debt that works for you, building your assets, your career – like a mortgage or a student loan. Bad debt is debt that you acquire by spending money on things that don't appreciate in value. Vacations, cars, stereos, and the like.

DEVELOP YOUR OFFENCE

When you start to get your savings habits underway, you'll want to look at increasing your rate of return by choosing investments that earn different types of income, including capital gains and dividends, which are taxed more lightly than interest income. Before you dive in, make sure you understand the different types of risk.

Maximize your RRSPs. Building an RRSP is a smart way to shelter your money for the future without paying tax on it today. Make sure the money you dedicate to an RRSP is treated as “off limits” to you until you retire, unless you're able to participate in the government's home-buying or continuing education programs.

Short-term savings goals? Use Tax-Free Savings Accounts (TFSA) for shorter-term savings goals. Even though you'll be investing with after-tax dollars, the investment earnings will never be subject to tax.

CONTROL YOUR EMOTIONS

Risk means different things to different people. But the long and short of it has to do with how well you can sleep at night knowing your investment could go up or down – and just how far a swing you could tolerate. And the other major factor is just how long you can wait before you need the money. If you have only one year, your choices will differ drastically than if you have 25 years. Be sure to get some professional advice to ensure you're choosing investments that suit your temperament and timeline.

DEVELOP YOUR DEFENCE

Just like sports, an offence without a defence is not a winning formula for success. An advisor can help you identify the financial risks in your life and help you protect yourself against them with insurance coverage that matches your needs and goals.

HIRE A PRO

There are many experts out there eager to advise you and provide you with financial products and services. They range from bankers to stock brokers, financial advisors, accountants, portfolio managers, insurance agents and lawyers. Some will charge fees, but others provide advice free of charge since they are paid by financial companies, just as travel agents are paid by transportation and holiday package companies.

Choose your financial coach the same way you'd choose a doctor or a dentist. Recommendations by family and friends can help, but check the credentials and follow your instincts. You need to find someone you feel comfortable with and trust.

A winning financial game plan is not glamorous – it's just common sense. For more information or to set up an appointment to discuss an appropriate game plan for your situation, please feel free to contact our office.



Trademarks owned by Investment Planning Counsel Inc. and licensed to its subsidiary corporations. Investment Planning Counsel is a fully integrated Wealth Management Company. Mutual Funds available through IPC Investment Corporation and IPC Securities Corporation. Securities available through IPC Securities Corporation, a member of the Canadian Investor Protection Fund. Insurance products available through IPC Estate Services Inc.