

# Finance for Life™

Achieving Financial Success™



Finance for Life. Wealth for Living.™



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**Please do not hesitate to contact your advisor for a Confidential Financial Review.**

## Setting goals can determine your financial independence

*Treat your financial goal-planning like you're planning for someone you are responsible for helping.*

When driving, a GPS can help point you to your destination. Setting clear financial goals with an advisor gives you a financial GPS. Elon Musk set goals for electric automobiles, and flying to Mars. He has built the Tesla automotive company, and his SpaceX company builds NASA rockets. Financial goal-setting frees the stuck, the procrastinator, to act on wise financial goals. Napoleon Hill, in *Think and Grow Rich* wrote: The



mind can achieve anything it can conceive.

### Compare today's net worth to yesterday's.

Assess how your net worth has progressed compared to your financial goals. Don't demotivate yourself by looking at the guy with a \$500k

retirement nest egg at age 50. Focus on where you are now. Financial truth frees your mind to plan. Whether your net worth is good, bad or ugly, you'll know your economic reality. Truth can motivate you to seek help. Most of us are just not trained to understand the scope of our own financial decisions or to navigate financial planning.

### Many distractions can stop you from asking for advisory help.

Most people have responsibilities, complexities, emails, social media notifications, schedules both personal and career. Families

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have children. Many have to address ageing parent's issues.

**Careful, you can't wish financial chaos away.** It's easy to hope you had a million dollars. It doesn't matter how long your goal will take — it's best just to get started. If you commit to nothing, then you'll find that it's easy to be distracted by everything. As David Allen warned in *Getting Things Done*: The value of goals is not in the future they describe, but the change in perception of reality they foster.

**Financial Goals empower you.** When you start setting goals for your finances all significant areas of your life are affected, increasing your self-esteem. Your relationships, your career, your personal life, and your health are all affected by reasonable financial goals.

## Cash flow: Are you managing your disposable income?

**Consider a challenge.** Paying off a credit card or saving \$1,000 in an emergency fund needs good cash-flow habits. Such action helps to motivate changing your financial behaviour and makes it easier to say no to credit card spending and yes to saving. Save before you spend can be your slogan. Auto-paying down a credit card or investing \$50 per pay, essentially puts your will power on autopilot.

**Find your accountability partner.** A spouse, parent or a financial advisor can encourage you to stay on track. Try to find caring people who will help motivate your financial goal by dialogue. This can help you maintain self-control. Brainstorm how to cut expenses, or resist impulse buying.



## The tax benefits of the Tax-Free Savings Account (TFSA)

The TFSA is a registered savings account that makes it easy for Canadian taxpayers to earn investment income, as the account title states, tax-free. A TFSA allows you to save money while deferring investment income on the after-tax funds invested.

- Contributions to the account are not tax-deductible, and any withdrawals of the contributions and earnings from the account are not taxable. Canadian residents age 18 or older can now contribute annually to a TFSA.
- The Liberal government reverted the TFSA contribution from \$10,000 back to its previous \$5,500 per year.

## The tax benefits of the Registered Retirement Savings Plan (RRSP)

- RRSP contributions are tax-deductible while RRSP withdrawals are added to income when received and taxed at regular rates. Your RRSP is primarily intended for retirement savings.

## Using both the RRSP and the TFSA incentives

- Reducing taxes on savings can encourage even higher levels of financial security as you invest. Because there is no tax paid on the investment income on withdrawals from a TFSA—Canadians now have a greater incentive to add the TFSA strategy to save for any need or retirement.
- Savings help to increase the funds available for investment when you combine your RRSP and your TFSA strategies during retirement.