
Financial planning

Financial Planning & Advisory Services, Scotia Capital Inc.

Financial planning isn't just about investments and building a portfolio. It's about receiving the professional advice you need to get the most out of your assets so you can finance your dreams and plan for your future. Financial planning has various components and should be thought of as a roadmap for your future. Since each of us has a different view of the future, a financial plan can add value by being as complex or as simple as you need it to be to fit your circumstances. An ideal financial plan should incorporate both short term and long term goals and needs. Some of these goals may include a major asset purchase, saving for your children's education future, planning for retirement, leaving a legacy or ensuring your wealth is preserved for future generations. Financial planning gives you a strategic understanding of the steps you need to take to reach future stages in your life with peace of mind and certainty.

What are the benefits of financial planning?

Financial planning is a long-term process that begins and ends with your goals. It can be particularly important in the lead-up to and throughout your retirement. Here are some of the most common areas where a plan can add significant benefit:

Cash flow analysis

Generally, when you are working, your income comes primarily from employment or a business. Your expenses or cash outflows tend to follow your income level. When you retire, it's important to ensure that your resources will support you for the rest of your life. Income in retirement is likely to come from a combination of sources, such as investments, including registered retirement accounts, pension plans or government sources. Understanding the complexity of the government benefit system is difficult and the question of when to take Canada Pension Plan benefits requires analysis. A financial plan can help ensure that cash inflows and outflows are properly matched to meet your lifetime needs and goals.

Taxation

A financial plan will help to map out different strategies which can reduce or defer the amount of tax you're paying. This in turn can significantly boost your assets and ultimately your wealth. Proper financial planning will enable tax efficiency by providing a range of options that may be able to provide you with a regular stream of tax efficient income.

Pension analysis

It can be daunting trying to make a decision about whether to take the commuted value of your pension in a lump sum rather than the monthly pension payment. There are many quantitative and qualitative factors to consider, such as risk tolerance, estate considerations, survivor benefits and your dependency on the pension income. A financial plan will help you understand the implications of available options and provide information to guide you through this process.

Diversification strategies

Diversification involves spreading your wealth across a range of different investments, depending on your goals, the amount of time you have available to invest and your risk tolerance. Diversification is important because every type of investment has risk associated with it. Owning a diverse range of investments should help you achieve smoother, more consistent investment returns over time while avoiding the pitfalls of trying to time the market. A financial plan will enable an analysis of your investment portfolio so you can make appropriate decisions about risks and returns to suit your financial and lifestyle objectives.



Enriched Thinking™

Security and peace of mind

You've worked hard to build a solid financial footing for you and your family, so you want to be sure that everything is protected. A financial plan will enable an appropriate analysis of the risk you have associated with your financial affairs. Today, insurance has evolved to meet a broad spectrum of needs and it should play a critical role in the "risk management" of your life and financial portfolio. A financial plan will provide valuable information to enable decision making about different types of insurance coverage including life, disability, and critical illness. In addition, the use of insurance in estate planning can ensure that your future generations have financial security through the tax efficient transfer of your wealth.

Estate planning

For some, estate planning is difficult to think about, let alone engage in. While we understand the vital importance of getting our finances and legal affairs in order for our heirs, few of us make the time. All of us will have an estate to pass on and we want our beneficiaries — be they family or a favourite charity — to receive their inheritance according to our own intentions.

Business succession

It's tempting to wait until retirement is near to start making succession plans for your business, but there can be substantial savings when you plan further ahead. Leaving business succession to chance could allow someone else to decide what happens to your business, and potentially at significant cost. Planning early also helps reduce the tax impact of ownership changes, as well as ensure a smooth and successful transition of the business to the new owner or owners. A successful plan will also help the overall value of your business today.

Philanthropy

You may also wish to consider making gifts to charities during your lifetime or in your Will. There is a tax benefit available to an estate on death if specific bequests are made to charities. This benefit may assist in reducing any taxes payable upon your passing while fulfilling your charitable giving goal. Additionally, there is the added satisfaction of having made a donation to a charity that is important to you. Many charitable organizations, including post-secondary institutions, today allow you to set up endowed bursaries in your memory, which can continue in perpetuity.

Proper planning can ensure that you are making the best use of your resources over your lifetime while ensuring that you leave a legacy well beyond your lifetime.

Why do you need a professional financial planner?

Most people today are time starved and working harder than ever. This being said, they would most likely prefer to spend their time engaged in more enjoyable activities rather than looking after their finances. One of the main reasons to use a professional financial planner is that the financial world has become extremely complicated and as a result can be time consuming to navigate. Financial planners offer a broad, well rounded skill set that can help clients improve their financial and emotional well-being. Creating a financial plan requires skill, knowledge and experience in many functional disciplines. The most common planning elements include retirement, estate, investment and insurance planning. In addition, these areas are all interrelated and therefore just about every decision will impact net worth, cash flow and taxes.

As a result of the broad range of knowledge, skill and effort required to complete an effective financial plan, it simply makes sense to engage a professional financial planner.

So what does this mean? Creating a financial plan and implementing it takes effort and perseverance but it is worth it. Many individuals turn to professional financial planners for assistance and as a result they can usually achieve their goals faster and easier than on their own.

This publication has been prepared by Scotia Capital Inc. and is intended as a general source of information only and should not be considered as personal and/or specific financial, tax, pension, legal or investment advice. We are not tax or legal advisors and we recommend that individuals consult with their qualified advisors before taking any action based upon the information contained in this publication. Opinions and projections contained in this publication are our own as of the date hereof and are subject to change without notice. While care and attention has been taken to ensure the accuracy and reliability of the material in this publication, neither Scotia Capital Inc. nor any of its affiliates make any representations or warranties, express or implied, as to the accuracy or completeness of such material and disclaim any liability resulting from any direct or consequential loss arising from any use of this publication or the information contained herein. This publication and all the information, opinions and conclusions contained herein are protected by copyright. This publication may not be reproduced in whole or in part without the prior express consent of Scotia Capital Inc.