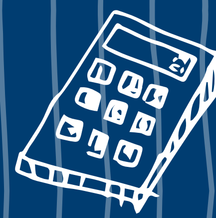
Ten financial items
every Canadian should have



A Written Financial Plan

Human nature dictates that someone is more likely to follow a plan if it is written. Over 75% of Canadians do not have a written financial plan. A formal plan also provides a road map to ensure that you are on track to achieving your goals. Once written, the plan should change as your situation changes. Make sure you meet with your Investment Professional at least once a year to review your plan and the progress made.

A Will and Estate Plan

The cornerstone of any complete financial plan is a professionally developed Will and Estate plan. According to an Ipsos-Reid survey, 40% of Canadians aged 35-54 do not have a will. Without a will, there are provincially predetermined ways of dividing your estate, which may not align with your wishes. Plus, the appointment of a capable executer and contingent designate is also important to ensure that your wishes are accurately and efficiently followed.

Living Will and Power of Attorney

As mentioned above, a will is designed to allocate your estate upon death. However, what if you are not able to make your own decisions or are unavailable to sign important documents? A Living Will ensures that your health and personal care wishes are followed, even when you are unable to express them verbally. A Power of Attorney allows someone to act on your behalf for your financial affairs, which is particularly useful if you travel extensively or spend longer periods away from home.

Pay Yourself First

Set up a Pre-Authorized Contribution (PAC), on a regular, recurring basis to an investment account, whether registered or non-registered. PACs are often easier than trying to find lump sums to deposit into your savings, particularly before the RRSP deadline. Plus, regular investments benefit from dollar cost averaging, which removes the price risk associated with large, single purchases.

Registered Retirement Savings Plan

The benefits of an RRSP are well known: immediate tax reduction, tax deferred growth, and the ability to split post-retirement income with your spouse. Ideally, savings should be accumulated on a 50/50 basis with your spouse. In retirement, a household earning $70,000 in income could save over $3,000 in taxes annually due to the lower combined tax rates when compared to having all the income in one person's name.

Insurance: Health, Disability, Life and Credit

Insurance is very important in the overall financial health of any family. There are a wide range of insurance types for a variety of personal situations. The assistance of a licensed Insurance Specialist is the key to ensuring you are appropriately covered.
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Pay Your Mortgage More Frequently

If you have a mortgage, make payments as frequently as possible. Weekly payments pay the same amount over a whole year as monthly, but repay the principal earlier, resulting in lower interest costs. This strategy could save thousands of dollars over the life of a mortgage. Even greater results are possible with just a slight increase in your payment by $50 per month (or $11.50 per week). This small increase in your payment results in a drop of almost two years from the amortization on a 6%, $250,000 mortgage, saving over $32,000 in payments. Who can't afford $12 a week?

Three Months of Savings

The prudent rule of thumb is to have a minimum of three months' worth of income set aside in case of situations such as layoff, family emergency, or home repair. Many options for investment are available; the key is to have the funds accessible when you need them.

Credit: Get It While You Don't Need It

It is quite easy to get credit when you don't need it. However, when you really need the money (loss of job, emergency funds, etc.) financial institutions are generally less willing to lend it to you. A Line of Credit is likely the most flexible alternative; however, other options may also work for your situation. The amount of the loan largely depends on your current financial situation and your comfort level.

Registered Education Savings Plan for Children or Grandchildren

If you have children or grandchildren, the use of an RESP is a wonderful, tax-deferred method to save for their education. For each child named, you can put up to $50,000 into an RESP. There is no annual contribution limit. Government grants are issued on the first $2,500 saved annually.

Let us help

plan for your future

1.855.875.2255

Cornerstone Credit Union