

Putting You in the Picture

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It is that time of year again when **news broadcasters** turn our thoughts to the how the world and the investment markets may run into trouble. There are **special reports** stating that markets are at record levels, interest rates are rising, Trump, Trump and more Trump, trade deals, China, the end of globalization, inflation is rising, inflation is a non-factor...well you get the drift. You can pick any number of reasons to be nervous but **the reality for most people** is these macro-economic factors have little bearing on your personal situation.

Let us put you back in the center of the financial picture of your life. The first objective of any financial strategy is to focus on building assets. Most Canadians have work to do in this regard. If you do not have a large savings and investment portfolio (let's use \$500,000 as a starting point for the definition of large) then the movements of the markets are not really going to make a difference short term to your personal financial plan.

The reason is that there is still work to do in regards to savings and investment returns. If for example, you are 50 years old with an RRSP of \$50,000 and income of \$50,000 (which is close to the median income for working Canadians), then making 10% or having the RRSP drop by 10% is not going to be the main factor in the quality of your retirement income and lifestyle in some 15 or so years.

What will make a difference is the amount you are saving every year towards your retirement and financial independence goals. The challenge of course is that many Canadians are not saving much money these days, according to published media reports on consumer behaviour.

If you have a large liquid investment base, say \$1 million plus, then capital preservation strategies become a greater priority. And of course, if you are currently retired, then cash flows and asset protection (including growing your assets to offset rising inflation and taxes) is a greater focus.

But, given that you know that difficult market environments, such as a recession, are a normal part of the landscape of life, then it is important that you have a thought-out strategy in advance of such an event with your Advisor. Then when there are a few surprises, you can perhaps take advantage of any turmoil to profit from the economic recovery, as is usually the case.

For those just starting out in life, in your 20's and 30's the goal is to buy assets, ideally monthly, or on a regular basis. Using Dollar Cost Averaging will smooth out any economic events and allow you to build your investment savings with confidence as you learn to navigate life's hiccups.

For those in their 40's to 50's the goal is to keep building your assets and to learn to diversify your investments to avoid any weakness in any one sector, country or asset class, from materially impacting your savings.

For those in their 60's, 70's and beyond, the goal continues to be growth but with a greater focus on capital preservation and income generation as well as Estate Planning.

This is a brief overview of how to put yourself back into the financial picture of your life. Try to avoid getting overly swayed or fearful by media coverage and other commentary about issues that are largely outside of your control and which likely will not have an immediate and direct impact on your situation.

[Call us today for a review of your capital accumulation strategy](#) [1] and preservation positioning and for our latest ideas on how to best navigate the financial landscape.

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