Women need life insurance, too

According to Statistics Canada, the employment rate for women with children has risen steadily over the past three decades. In 2009, 72.9% of women with children under 16 living at home were part of the employed workforce compared with just 39.1% in 1976.

Similarly, the number of women who are primary breadwinners in their households has risen as well. Today, women are primary earners in 30% of Canadian households, a share that is only projected to rise in the future.

Yet even as more women contribute ever larger shares to household incomes, they continue to lag in life insurance coverage. A TD Insurance survey found that only 40% of women ever discuss life insurance with their partners. It’s not surprising. After all, a conversation about life insurance is, in the end, a conversation about death, a topic most of us would rather avoid. But if something were to happen to Mom, a family’s lifestyle could be seriously affected.

The financial security of your family is not something you want to put at risk. Life insurance beneficiaries could use the one-time tax-free benefit to:

• Cover the costs of childcare or housekeeping;
• Pay for post-secondary education for your children; or
• Enable your spouse to take time away from work while the family recovers from such a major loss.

These days, it’s important to remember and to protect a woman’s contributions to a household. Speak to us about how we can protect the financial security of your family.
More than segregated funds investing advice

As clients you know you can count on us for timely investing advice and guidance in selecting funds that are appropriate for you. But sometimes you don’t realize the importance advisors place on being aware of the significant events taking place in your lives. An important part of our job is adjusting your investing strategy in response to important life events.

Starting a family
When a couple decides to have children, they want to be the best parents possible. They hope to repeat all the wonderful things their parents did for them while promising not to make the same mistakes. Most of all, they question how ready they are for parenthood.

Of all the resources couples have available to them as they prepare to become parents — family, mentors, friends — they should also remember their advisor. When children become a part of life’s plan, financial planning is going to change as couples prepare to be responsible parents. For example, how much should they be contributing to various registered plans, such as a Tax-Free Savings Account (TFSA) and a Registered Retirement Savings Plan (RRSP)? Which segregated funds will provide competitive returns while still allowing access to capital when needed?

A budget will help plan a couple’s spending and investing and go a long way to bolstering their confidence as parents.

Losing a job
Another life event many of us are all too familiar with these days is losing a job. Seeing a financial advisor is one of the first things someone in this situation should do. Having your finances in order can help you move forward, establish a sense of control and help you look to the future with hope. Some of the financial aspects we can help with include:

• Reviewing the package from the employer and its potential income tax implications.
• Considering income needs for the next few months and deciding whether the severance will be sufficient.
• Determining the most tax-effective way to draw income from a fund portfolio if the severance is insufficient.
• Revisiting asset allocation in light of the new circumstances.

Preparing for retirement
Transitioning from a full-time career to retirement has significant personal, emotional, and financial implications. Retirees and upcoming retirees need to prepare themselves psychologically and emotionally for this transition. A financial advisor plays a key role in helping clients achieve their retirement dreams.

Some of the important financial considerations that can provide a foundation for a happy retirement include:

• Determining what your sources of income will be after retirement and how much you’ll need to live the lifestyle you want.
• Deciding whether to convert your RRSPs to a Registered Retirement Income Fund (RRIF) when you retire, to wait until the end of the year you turn 71, or choose a date somewhere in between.
• Rebalancing your portfolio to ensure that the segregated funds you have can provide the income you need to live on today while providing the growth you need to protect you from inflation in the future.

These scenarios show just some of the many ways we can help you negotiate life’s ups and downs and keep your portfolio on track for your goals. Anytime you experience or anticipate a change in your circumstances or objectives, be sure to give us a call.

Working effectively together

Our goal is to help you make the most appropriate investment decisions in light of where you are today financially and where you want to be in the future. Here are three tips that will help ensure we can provide you with the most effective advice:

• Keep us up-to-date on any major changes in your life — such as marriage, the birth of a child, or a new job. Changes in your responsibilities or income may have implications for your asset allocation.

• Tell us about all of your investments. In order to get a comprehensive view, we need to know about not just the segregated funds you have with us, but also about investments you may have elsewhere, such as a group RRSP through your employer, a joint investment account with your spouse, and so on.

• Ask questions. If you don’t understand something or you’re not sure why we’re making a particular recommendation, ask. We want you to be fully aware and in agreement with any decision.
DEBT MANAGEMENT

Uneasy about your debt load? We can help

A recently released poll from the Investor Education Fund found that paying down debt was a priority for Canadians in 2012, with 57% ranking it as their number-one goal compared with just 38% last year. Most people are right to be concerned. Statistics maintained by TransUnion, one of Canada’s two credit bureaus, show that Canadian consumer debt at the end of 2011 was at a record-high average of $25,960 per person — and that doesn’t include mortgage debt.

While interest rates are currently near historic lows, most of us agree they might rise. A sudden or substantial increase could put many borrowers in an uncomfortable situation.

Debt can keep you from reaching your financial goals, so talk to us. We’d be happy to share our insights on:

• Good debt versus bad debt.
• Debt consolidation and how it can lower your interest rate and reduce your payments.
• How to establish good credit card habits.
• Saving for large expenditures versus buying now and paying later.

RANK YOUR GOALS

What are your priorities?

Last December, Canadians were asked to identify their financial priorities for 2012. Here are their Top 10 as reported in an Investor Education Fund survey:

1. Reduce debt
2. Create an emergency fund
3. Create a budget to track spending
4. Use credit cards responsibly
5. Set up an automatic savings plan
6. Open/contribute to a TFSA
7. Start tax planning for 2012
8. Open/contribute to an RRSP
9. Pay off mortgage
10. Lower fees

If any of these priorities resonate with you, give us a call. We can help you give it the attention it needs.

Finding more to invest

Many people want to save or invest more money than they already do. But at the end of the month, after all the bills are paid, many say there’s simply nothing left. Or is there? A closer look may reveal that money is vanishing from your pockets each year.

We know because, in conversations with our clients, it’s not uncommon for us to discover that many simply cannot account for what they’ve spent their hard-earned dollars on for one reason: they don’t have a budget. As we work together to establish budgets with clients, we often find that hundreds of dollars are left unaccounted for at the end of each month. It’s simply being spent blindly.

It’s common to focus on rates of return and ask how they can be better, but just as important is knowing where your money is going. Taking a look at your ongoing expenses means being able to identify areas where you can find the extra money you’re looking to save and invest.

We understand a budget isn’t often top of mind. It can feel like a chore and we know how much more fun we can have when we can just buy what we want when we want it. But there is real power in a budget. You know that feeling you get when you find a $20 bill in a pair of pants you haven’t worn in a while? It feels like getting a gift, doesn’t it? Now imagine that instead of a $20, you found thousands of dollars in those pockets.

Work with us to create a budget. We’ll make it as painless as possible and help you discover what you didn’t know you had.
Will your disability insurance cover your salary?

Over the course of their career, most people can look forward to promotions and salary increases as they gain experience in their field. An important item that’s often overlooked, however, is to make sure that that higher salary is protected — with disability insurance.

Replacing lost wages
Disability insurance is designed to replace a portion of your income if you suffer an accident or illness that keeps you from working for an extended period of time. As your salary increases over time, however, chances are you’ll acquire more assets and possibly more debt. For example, you may move to a larger home, with higher mortgage payments.

Your family’s lifestyle and spending habits may also change as you earn more income over time. With a higher income, there is more at risk if you are unable to work as a result of an accident or illness.

Do you have enough?
Even if you have disability insurance through a group benefits plan at your workplace, it may not be sufficient to meet your family’s needs. Policies vary as to the amount and type of protection provided. We’re here to help you review your coverage and we’ll look at the following:

• Percentage of income covered. Benefits can range from about 65% to 80% of your pre-disability income.

• The waiting period. Depending on the policy, you may have to wait as long as six months or as few as two before benefits start.

• Length of coverage. Top-of-the-line policies will pay benefits to age 65, but some will pay out for a maximum of only two years.

• Definition of disability. Some disability policies will pay benefits if you are unable to return to your usual job while others will pay benefits only if you’re unable to work at any occupation.

• Exclusions and limitations. Check to see if any specific illnesses or accidents are not covered. For example, some policies will pay only a reduced level of benefits for soft-tissue injuries or emotional/psychiatric disorders.

Bridging the gap
To bridge the gap and protect your family’s lifestyle, you may want to purchase a standalone policy. With a standalone policy, you can tailor coverage to your specific needs.

In addition to disability insurance, you may want to consider critical illness insurance. Whereas disability insurance provides payment over time, critical illness insurance provides a one-time, tax-free payment if you are diagnosed with any of the specific illnesses covered by the policy. It’s an ideal complement to disability insurance.

Remember to talk to us about your coverage regularly as your situation changes, so that your protection keeps pace with your income and your evolving protection needs. In two-income families, it’s important to have disability insurance for both spouses. The loss of either income stream could have potentially serious effects on the family’s financial security.

Could this coverage speed recovery?

THE PROSPECT OF a critical illness is never something anyone wants to contemplate. A heart attack or a stroke or a diagnosis of cancer — these all change lives irrevocably. Their physical impact cannot be understated and neither can the emotional toll inflicted on both the afflicted individual and the individual’s family. Factor in concerns about how to pay for necessary medical treatments and an already stressful situation is only exacerbated, possibly delaying and hampering recovery.

In-home nursing care, travel to clinics, and drugs not covered by government healthcare plans all add to the list of expenses that can arise. And, of course, there are still all the regular bills to pay.

Fortunately, there’s a solution that can relieve as much of the financial stress as possible and help the individual and loved ones focus on recovery: critical illness insurance.

How it works
Critical illness insurance pays a lump-sum benefit, usually three months after diagnosis of any of a list of specified illnesses covered. Typically, these include cancer, heart attack, stroke, and a number of others. The money, which is tax-free, can be used for any purpose.

Dealing with illness within a family is never easy. But by providing freedom from financial worry, critical illness insurance may help alleviate stress, which could speed recovery or enhance quality of life. If you’d like to learn more about critical illness insurance, give us a call.