LAKEVIEW
WEALTH MANAGEMENT

WELLINGTON-ALTUS
PRIVATE WEALTH

How To Know If Your Finances Are In Good Hands - Checklist

Financial projection is extremely important in ensuring you're properly planning for your retirement. A regular review will keep you on track if your financial situation happens to change. And if it does, the financial projection has to be updated to reflect this. This will protect you from the risk of running out of money before your retirement ends.

Your advisor should meet with you and update your financial plan **at least once a year**, and they should be requesting to be notified every time there is a major change in your financial situation. Your financial projection should also be revisited and revised during significant life situations such as:

- Divorce, separation or remarriage
- Birth of a child
- Death of a spouse
- Receiving an inheritance
- Loss of employment
- Buying or selling a home
- Gifting your kids a lump sum of money
- And anything that might impact your income, expenses, or net worth

These life changes could end up having negative consequences on your long-term financial projection and also significantly disrupt your tax planning. If your financial advisor doesn't take these changes into account, they can greatly increase your tax bill and have a damaging effect on your total net worth. The loss due to a big unnecessary tax bill would also be magnified when considering the compounding impact of it.

Your advisor should review your tax plan **at least once a year** to ensure there are no "tax spikes" in the future. Managing your taxes is one of the most important things your advisor should be helping you with. Many people focus so heavily on the returns and the fees they're paying and forget that the only amount that counts is the one you get to keep in your pockets **after** paying fees and taxes.

Your advisor should also put their tax planning tools and knowledge to work and run a proper trajectory of your tax liability. This will confirm that you won't have any particular year where your tax bill will be significantly higher, causing your marginal tax bracket to spike and your tax bill to rise. Your advisor needs to manage your taxes efficiently and make sure you contribute to the correct accounts to offset any increase in taxes. They should also look into tax-loss selling transactions if this can help you reduce your tax liability.

Yearly Performance Comparison To A Benchmark

Your advisor should regularly review the investments they chose and compare them to a benchmark with you. No one is perfect and people don't always make good decisions. A good advisor will own up to their mistakes. They'll be able to look at their decisions objectively and admit if they were wrong in their choices. They should then make the proper changes so next year's performance will be better.

A good advisor will take the opportunity to evaluate themselves and their decisions, and if the chosen investments are underperforming, they will determine why and look for better options.

A poor advisor will avoid this discovery process altogether and simply avoid meeting with their clients to review their returns. A poor advisor will not make contact with their client unless it's during RRSP season or if they want a referral from the client, causing one to question whose best interests are really at heart.

The portfolio review is an excellent time to determine whether any fees you're paying to fund managers are justified. Opportunities are continually shifting in and out of favour. A good advisor's strategy must adapt and evolve with the changing economic environment. They'll always shop around for new solutions that offer the same investment mandate with the same level of risk for lower fees.

This will also be a great opportunity to see if the advisor chose the right mix of stocks, bonds, ETFs, mutual funds, private investments, etc. Also, did the advisor choose the right sectors or the right geographical locations for the investments (US vs China vs Europe vs Asia)?

Your advisor should always be aware of the market conditions so they're ready to reallocate funds when necessary and be on the lookout for your best interest.

You Should Never Have To Compete For Quality Service

Your financial advisor should be flexible around your schedule and make you feel important. A good advisor will give the same level of attention to all their clients, regardless of portfolio size. A poor advisor will only give preferred service to their "big" clients. They'll meet with them often and will reserve prime time meetings solely for them.

Find A Great Advisor And Stick With Them

Are you getting bounced around from one advisor to another? Some institutions (often the big banks) have a high turnover rate with their advisors. Whether their advisors are fired, promoted, or relocated to a different branch, you'll find yourself dealing with a new advisor more often than you would want or expect to.

Building a strong relationship where your financial advisor knows your current and future situation and having a proper continuity plan is extremely critical in achieving your long-term financial goals. If you keep being reassigned to a new advisor, important information like tax planning can be lost in the transfer process leading to losses from overpaying unnecessary taxes. And if you're dealing with a new advisor too often, it's very hard to keep a continuity plan in place.

Your money is best managed by a **team of advisors.** This allows for adherence to the long-term goal that was initially set by your team and prevents making unnecessary changes if your original advisor changes. With no continuity plan in place, each time you get assigned to a new advisor, the relationship needs to be rebuilt and the advisor would need to take the time to learn about your unique and individual circumstances. And until they're familiar with your particular situation, you may end up paying more in taxes due to inefficiencies or have worse performance than what you could have had if you had a working team in place – the more eyes on your file, the better.

Construct A Proper Asset Allocation

Your financial advisor should ensure your asset allocation is correct from a tax perspective and not only from a performance perspective. Different investments have different tax implications for your income so your advisor must review the investments you hold in your portfolio, not only from a risk-return perspective but also from what account it is held in. For example, the same fund can have multiple classes of shares, some of which are better to hold inside an RRSP while others are better in a TFSA; and some might be better in a non-registered account. The appropriate classes of shares held in the appropriate accounts can have a bigger impact on your bottom line than the rate of return and fees combined due to the tax implications each class will create at the end of the year.

The difference between success and failure is not which stock you buy or which piece of real estate you buy, it's asset allocation.

Let's Talk About Insurance

Is your current advisor ensuring that all your insurance needs are covered? Do they double-check that you're not **over-insured and paying more than is necessary**? Unfortunately, many advisors don't focus on the insurance aspect of the client's financial well-being and leave it to the client to find an insurance broker.

An effective financial advisor should **always** look at the entire picture and make their clients' needs a top priority. Quite often while reviewing the client's insurance policies, we notice that their policies include all the 'bells and whistles' – things that may not be needed or even relevant for the client! Having said that, it's just as important for advisors to make sure their clients are adequately insured against all risks that would cause a large financial strain if it came to fruition. There's no point in lining the pockets of insurance companies by buying more insurance than is needed. That just means more money in their pockets and less in yours.

One of the worst scenarios to find yourself in is paying your insurance premiums over all those years, and when the time comes to make a claim, you're informed that your current circumstance is not covered. This could be devastating, leaving your family struggling for many years as you deplete your life savings to cover expenses that **should have been paid for by the insurance company**! Your advisor should put in place a 'Needs Analysis' study to ensure you have the correct coverage for your unique situation. You should never have to worry about not being covered and a good advisor will ensure that you don't.

IT'S ABOUT YOUR LIFE, NOT JUST YOUR MONEY.

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Want to get a fresh pair of eyes on your financial future?

I'd like to invite you to join me for a free 30-min consultation.

When we get on the phone, I can get to know you, your current situation, and your retirement goals better.

From there, I'll tell you about the strategies I can apply to help you reach your dream retirement.

This is not a sales call by any means. And there are no hidden fees. The goal is to get to know each other better and see if we're a good fit.

— Darius

BOOK A FREE CONSULTATION!

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