



**THE
CLOCK
IS
TICKING**

By Robert M. Gignac

After dinner in a Chinese restaurant this week, I cracked open a fortune cookie which read – “Have you prepared for your worry free retirement with more money than you’ll ever need?” Ok, it didn’t actually say that. It said – “May you live in interesting times!”

When it comes to personal finance we are certainly living in interesting times. Global tariff threats, rising interest rates (or not depending on the day...), global governments stumbling from crisis to crisis and you cannot pick up a daily newspaper without a headline screaming “Impending Market Crash”, “Economic Armageddon” and “Are You Ready For What’s Coming Next?” Don’t panic – the experts don’t know either. The flip side is that the global stock markets have been on a three year run and continue to remain near market highs around the globe. What is really going on?

Turbulent Times

Turbulent economic times are difficult for investors, but a prime opportunity to re-examine our personal financial plans. Our problem? Many of us spend so much time focused on the rest of our lives that we overlook the very important role of being director of our own finances. Given that we continue to feel some degree of anxiety opening our investment statements, the biggest question we face is best phrased in Latin – “Quo Vadis”. The phrase means “Where are you going?” and it is a good question to ask in times of turmoil.

But it isn’t just personal – it’s also professional. With the merger of the Private Capital Markets Association (PCMA) and the National Exempt Market Association (NEMA) the opportunity for synergy in the private capital and exempt markets will lead to new opportunities for clients across Canada. It isn’t just the clients receiving new opportunities, but there will be new opportunities for financial professionals as well.

Current estimates are that less than 40% of all Boomers (many readers of this article...) currently use a financial advisor? Seriously? Yet many of these same boomers have a personal trainer at the gym, a coach to help them with their golf swing, or see the value in providing tutors for their children. What stops people from seeking guidance with their financial future?

Emotions Rule

Money is still a very emotional issue for many Canadians – even in 2018. My work in speaking to financial professionals across North America and for their clients confirms this. We all feel that we should be doing better. We all compare ourselves to others which is self-defeating (and always leaves us feeling as though we are lacking somehow...) and many of us feel inadequate about our financial knowledge.

We need to understand that our personal financial future includes much more than just money in terms of bank accounts, mutual funds, RRSPs, RESPs and TFSAs. Our use of exempt market

opportunities, wise use of credit, the protection of insurance, a will and powers of attorney (personal care and finance), a detailed written financial plan, are part of having a comprehensive financial gameplan for our future and for our families.

Cost Concerns

Given the potential complexity involved in combining all of these different aspects of personal finance - how is it that close to 60% of Canadian Baby Boomers don’t see the need to consult a financial professional? Often when Canadians are surveyed about their ambivalence to using financial professionals it comes down to cost.

Financial professionals can earn compensation from fees billed to you or from commissions from products sold to you. Some feel there is an advantage to ‘fee only’ because there is no pressure to sell you anything. Fees can range from an hourly rate for work done, a flat fee to create an individual financial plan, or a fee based on the percentage of assets managed. Fee-only planners may not have any direct motivation (i.e.: commissions) to help you implement the plan. Having a plan and not implementing it is equivalent to having no plan at all. Only focusing on cost or commissions, rather than value may lead you to short-change yourself. A more important measure should be how your plan functions and whether or not you are achieving the benefits/results you set out to achieve.

Working with a financial professional can be a scary thought for many people. To build a complete and comprehensive plan, an advisor has to become familiar with your entire financial situation. You have to be comfortable and willing to share personal information with them. They have to understand your dreams and goals. Sharing personal information with a ‘stranger’ can be scary. Don’t be intimidated. Financial professionals aren’t there to pass judgment, and they can help you attain the goals you want for yourself and your family. Keep in mind they don’t do it for you. You are responsible for your part in the planning process; nobody will care more about your money than you will.

Are we living in “interesting times”? Absolutely. Feel free to ignore the headlines, seek the advice you need - your financial future awaits – the clock is ticking.



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