



Financial strategies for newlyweds

John and Jane had spent many months planning for their *special day*. They had also budgeted and spent many thousands of dollars to celebrate their wedding. Now what?

Since John and Jane have made a *for richer or poorer* commitment to each other, it's time to do something about it; and they need to start right away. Following is a list of the primary areas that will need their immediate attention:

Get your wills made - Unless they had wills prepared in anticipation of their marriage, any wills John and Jane did have automatically became invalid the moment they said "I do." If either dies without a will, the survivor will need a lawyer to have the estate settled. There will be extra costs and delays.

Change the beneficiary on life insurance policies and RRSPs - John and Jane will need to contact their insurance advisor and have the beneficiary on their policies changed. Also, they will have to change the beneficiary on their group benefits at work and on their RRSPs. This is something that does not automatically happen when you get married.

Review life and living benefits insurance - All too often, people rely almost entirely on their group benefits at work for their insurance protection. Remember, the group plan has been set up to provide all employees with almost exactly the same benefits. That means that the single person John or Jane works with has the same coverage that they do. So does the married person with children. A qualified insurance advisor can coordinate a plan, tailored with group benefits, to suit their individual needs.

PAY GOD FIRST

Get into the habit of paying yourself first -

This is the best way to build personal wealth, regardless of income level. It means John and Jane take their savings off the top of their pay cheques rather than from what little, if any, is left at the end of the month. A good *rule of thumb* is to save at least 10% of gross income. Lifestyle expenses should come from what they have left after they save. All too often, savings plans are put off until after the lifestyle is established. Invariably, those who pay themselves first employ those who pay themselves last.

Second

Avoid personal debt - Too much personal debt is the most serious and common obstacle to achieving financial success. It is also a major contributor to divorce rates. Even modest levels of debt can put a drain on John and Jane's cash flow, leaving little or nothing to invest. Since interest on personal debt, such as credit cards, car loans and a mortgage, is not deductible for tax purposes, paying it off is one of the best investments they can make.

Don't delay - The most important step in getting on the road to financial success is simply getting started. John and Jane will gain absolutely nothing by putting it off until "tomorrow."

Too many people put financial planning on the back burner until their early 50's, when panic sets in. Start early and the financial goals you set for yourself will be much easier to achieve.

For information purposes only and not intended to provide specific retirement planning advice.

Want help implementing your financial strategies? Call today!

Joan McIvor

AEGON Dealer Services Canada Inc.

Ph: 905.853.2383 - www.mcivorfinancial.com - info@mcivorfinancial.com

Cash Flow Analysis

Getting a handle on what money flows in and out of your household each month is critical to the development of any financial plan. Use this tool to make a determination of where your money comes from (and goes to). For best results, you should have some pay stubs and/or past tax returns on hand.

Advisor Note: Inputs in the Cash Flow do not carry over to the Investment Planner. However, any identified surplus cash flow can be added to either your RRSP or non-RRSP savings.

	You	Spouse
(+) Inflows:		
Earned		
Salary	\$ _____	\$ _____
Bonuses/Commissions, etc.	\$ _____	\$ _____
Company/Government Pension(s)	\$ _____	\$ _____
Other	\$ _____	\$ _____
Investment		
Dividends	\$ _____	\$ _____
Interest	\$ _____	\$ _____
Private Business/Partnerships	\$ _____	\$ _____
Rental Properties	\$ _____	\$ _____
Other	\$ _____	\$ _____
Other		
Alimony	\$ _____	\$ _____
Child Support	\$ _____	\$ _____
Other	\$ _____	\$ _____
(-) Outflows:		
Housing		
Mortgage	\$ _____	\$ _____
Rent	\$ _____	\$ _____
Property Tax	\$ _____	\$ _____
Utilities	\$ _____	\$ _____
Maintenance	\$ _____	\$ _____
Other	\$ _____	\$ _____
Food and Clothing		
Groceries	\$ _____	\$ _____
Restaurant	\$ _____	\$ _____
Clothing	\$ _____	\$ _____
Other	\$ _____	\$ _____
Education Outflows		
Tuition	\$ _____	\$ _____
Materials (Books, Kits, etc.)	\$ _____	\$ _____
Other	\$ _____	\$ _____

Transportation

	You	Spouse
Lease/Loan Payments	\$ _____	\$ _____
Insurance	\$ _____	\$ _____
Maintenance	\$ _____	\$ _____
Gas	\$ _____	\$ _____
Parking	\$ _____	\$ _____
Public Transportation	\$ _____	\$ _____
Other	\$ _____	\$ _____

Insurance (excluding Automobile)

Home/Property	\$ _____	\$ _____
Life	\$ _____	\$ _____
Disability	\$ _____	\$ _____
Critical Illness	\$ _____	\$ _____
Employment Insurance	\$ _____	\$ _____
Long-Term Disability	\$ _____	\$ _____
Other	\$ _____	\$ _____

Investment Contributions

Non-RRSP	\$ _____	\$ _____
RRSP	\$ _____	\$ _____
RESP	\$ _____	\$ _____
Company Pension	\$ _____	\$ _____
Canada Pension	\$ _____	\$ _____
Other	\$ _____	\$ _____

Income Tax

Employment	\$ _____	\$ _____
Investment	\$ _____	\$ _____
Other	\$ _____	\$ _____

Debt Service (excluding Mortgage & Automobile)

Credit Card Payments	\$ _____	\$ _____
Line of Credit Payments	\$ _____	\$ _____
Loan Payments	\$ _____	\$ _____
Other	\$ _____	\$ _____

Other

Alimony	\$ _____	\$ _____
Child Support	\$ _____	\$ _____
Entertainment	\$ _____	\$ _____
Vacations	\$ _____	\$ _____
Charitable Donations	\$ _____	\$ _____
Gifts	\$ _____	\$ _____
Other Outflows	\$ _____	\$ _____

Notes

Balance sheet

What do you own? How much do you owe? Filling out the household balance sheet will help you clearly identify your assets and your liabilities so you can calculate your net worth. Your advisor can then help you determine your financial priorities.

	You	Spouse
Current assets		
Cash and short-term investments	\$ _____	\$ _____
Accounts receivable	\$ _____	\$ _____
Other current assets	\$ _____	\$ _____
Long-term financial assets		
RRSP investments	\$ _____	\$ _____
Non-RRSP investments	\$ _____	\$ _____
Life insurance cash value	\$ _____	\$ _____
Long-term financial assets	\$ _____	\$ _____
Real estate		
Principal residence	\$ _____	\$ _____
Other real estate	\$ _____	\$ _____
Other non-financial assets		
Vehicles	\$ _____	\$ _____
Furniture	\$ _____	\$ _____
Collectibles	\$ _____	\$ _____
Miscellaneous	\$ _____	\$ _____
Total current liabilities		
Accounts payable	\$ _____	\$ _____
Income taxes payable	\$ _____	\$ _____
Credit card balance(s)	\$ _____	\$ _____
Line(s) of credit	\$ _____	\$ _____
Other current liabilities	\$ _____	\$ _____
Long-term liabilities		
Mortgage	\$ _____	\$ _____
Car loan(s)	\$ _____	\$ _____
Investment loan(s)	\$ _____	\$ _____
Other long-term liabilities	\$ _____	\$ _____

Notes

Estate planning

There are several steps you need to take to ensure that your estate is in order. These 10 steps will help guide you through the process – but your advisor can assist you whenever you need help. It is important, as you can see from the first step, to establish a team of professionals (tax planner, lawyer, estate administrator). Ask your advisor to help you get your team together.

	Not applicable	To do	Pending	Complete
1. Designate a team of professionals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Draw up a household balance sheet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Understand your life insurance needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Draw up your will	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Establish power of attorney for property	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Establish power of attorney for personal care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Minimize taxes and administration fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Keep track of accounts & important information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Review and update regularly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Share your plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Notes
