

# The Importance of Financial Planning



Achieving your financial goals doesn't happen overnight; it takes careful planning and execution.

Financial planning is important because the process enables you to clearly identify your priorities and focus your resources on achieving your objectives.

To attain your goals you need to know where you stand today, where you want to be in the future and how you're going to get there.

Financial planning takes into account all aspects of your personal and financial situation. A good financial plan can help you answer important questions, such as:

- What will your retirement look like? What do you want to do in this next stage of life? And, most importantly, how are you going to pay for the retirement you envision for yourself?
- Will you be in a position to fund your children's post-secondary education?
- If you become disabled, will you have enough income to manage until you are well again?

- When you pass away, will your family be financially secure?
- Is your investment strategy consistent with your financial goals?
- Will you be responsible for the care of an aging parent or spouse, or a mentally or physically challenged child?

Your BMO Nesbitt Burns Investment Advisor can help you address these issues with a personal financial plan.

## The Financial Planning Process

Financial planning is an ongoing process that includes:

- Clarifying your goals
- Identifying hurdles and exploring your options
- Evaluating the recommendations presented in your plan
- Deciding on the solutions and strategies that best meet your needs and goals
- Implementing your plan
- Reviewing your plan on a regular basis



## Your Personal Plan

At BMO Nesbitt Burns, we understand that the most effective plan begins long before we look at the numbers – it starts with a discussion about your values, your current situation and your aspirations for your future and your loved ones. Our discussion will provide the information needed to prepare your personal financial plan.

Your financial plan provides you with a comprehensive assessment of your financial situation and helps you determine if your existing investment strategy is in line with your goals. The plan includes a review of your current financial position, as well as an analysis of your investment, retirement and estate planning issues. Where applicable, disability and education planning issues are also considered. Finally, your plan will recommend action steps and strategies we can introduce to help you reach your goals.

**Current financial position:** Your financial position is a combination of your net worth (assets, minus liabilities) and your annual cash flow (income, less expenses and savings). This information provides an overview of the financial resources currently available to meet your goals.

**Investment planning:** A successful investment strategy begins with asset allocation. A review of the asset mix for each of your investment, registered and locked-in accounts is completed and then compared to what is being recommended for accounts with investment objectives similar to yours.

**Retirement planning:** Combined sources of retirement income are measured against retirement goals to ensure you can maintain your desired lifestyle throughout retirement.

**Estate planning:** A summary of your estate's distributable assets and obligations is provided, (e.g. income taxes, probate costs and debts) including an overview of the income needs of the surviving spouse and if more capital is needed to support the survivor's lifestyle.

**Recommendations:** Key findings within each of the planning areas that can be drawn upon to identify action items and set financial planning priorities.

## Implementation and Review of Your Plan

When reviewing and implementing your financial plan, your Investment Advisor can help you determine if you need to meet with other professionals, such as a tax advisor, an insurance specialist or an estate lawyer, to implement your plan. He or she will also review your portfolio to ensure that it is consistent with your personal and financial objectives.

Once implemented, your plan should be reviewed every few years or whenever there is a significant change in your circumstances, such as a change in marital status, a birth or death in the family, an inheritance or a new job.

Your BMO Nesbitt Burns Investment Advisor has the knowledge and ability to guide you through the financial planning process. He or she will help you to meet your financial goals through the development of a financial plan – the foundation of your overall wealth management strategy.

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If you are already a client of BMO Nesbitt Burns, please contact your Investment Advisor for more information. All investment products will be offered through BMO Nesbitt Burns Inc. In Quebec, financial planning services will be offered through BMO Nesbitt Burns Inc. and through BMO Nesbitt Burns Financial Services Inc.

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