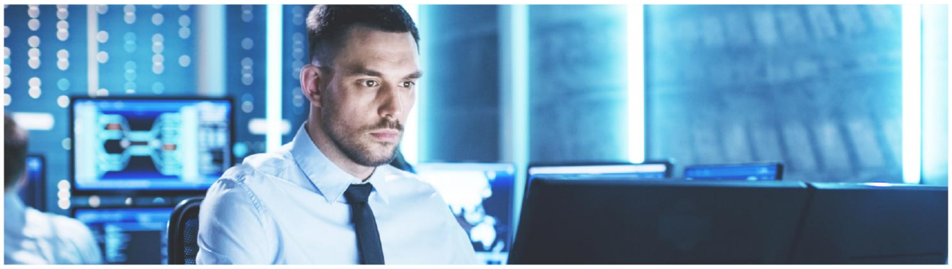
NetWorth



Here's What To Do if Your Information Has Been Compromised

Cyber criminals are taking advantage of Covid-19, our remote work and our personal devices. If you suspect a hack take these actions immediately.

Signs that your data may have been stolen

- Messages from a service, store or institution that there has been a breach
- Inability to access your social media on any technology, or unusual information is appearing in your feed
- Charges on your credit card that you didn't make, or money has disappeared from your accounts
- A "locked" message on your device with a demand for money before it will be unlocked

Act quickly to take control of your devices and data

Depending on the type of cyber crime or data breach you've discovered, there are a number of steps you can take to limit the damage.

The Canada Anti-Fraud Centre lists several steps, including:

- Contact your financial institutions
- Contact the police
- Report the incident to other agencies and organizations

In addition to the above, consider contacting any technical support you have, and potentially seeking legal representation, too.

Technical support

Immediately remove the infected device from your network by turning off its Wi-Fi and unplugging any cables attached to it. If you are unable to turn off the device's Wi-Fi, consider turning off the router it uses.

Contact your business or personal tech support and tell them to immediately secure as much as possible, including other devices on the same network.

Let's connect

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Legal representation

Identity theft or other cybersecurity breaches could trigger legal issues for you. Keep detailed notes from the moment you discover the hack.

Guard your data with protective technology and anti-cyber crime practices

While scientists and governments are working to develop and distribute vaccines, cyberscammers are spreading fraud and misinformation. Protect yourself by developing good anti-cyber crime practices, and be sure to install (and maintain) protective technology.

View this article on our Wealth Insights hub: bmo.com/cybersecurity

[1] https://www.antifraudcentre-centreantifraude.ca/scams-fraudes/victim-victime-eng.htm

Behavioural Finance: 4 Things to Know About How We Invest

Institutional investors have long had an unofficial rule they call the Odd Lot Theory. Its premise is that when small and odd-lot investors (those who purchase investment shares in odd lots rather than in multiples of 100) buy, that's a signal for larger investors (those who buy in multiples of 100 or more) to sell.

Does it hold true?

Of course, individual investors can be successful stock pickers. But why do so many individuals underperform the markets over time?

That's a question that economists and psychologists have been studying for more than three decades. What they've discovered is that when it comes to investing, rational choices don't always apply. What investors know, and what they actually do are often very different.

Mind over money

So what are these behaviours and what can you do to avoid them? Consider the following:

Overconfidence vs. Optimism

Optimism is a great thing to have in life, assuming it's grounded in reality. Yet many investors overestimate their ability to beat the market, even when they have failed to do so in the past. Overconfidence can keep investors from meeting their goals because they may save or invest too little if they overestimate returns. It can also keep them from learning from their mistakes.

Rather than letting overconfidence derail your long-term plans, experts suggest taking a steadier route to building financial security by adopting a consistent monthly investment plan. Although dollar cost averaging doesn't guarantee a profit and can't protect against loss in a declining market, it can help you ease into the market, buying more shares when prices are lower and fewer shares when prices are high. Over time, this can help lower the total average cost per share you pay for your investments.

Chasing the herd

Remember the dotcom bubble of the late 1990s, early 2000s? Like many investing fads, the driving force behind this behaviour is the tendency for individuals to mimic the actions (rational or irrational) of a larger group. But as so many investors painfully learned, chasing the herd can be risky. That's because focusing on short-term performance can hinder your potential long-term success.

The lesson here? Before you jump on the bandwagon, do your homework and remember: Past performance does not guarantee future returns. Understanding what you're buying and why is essential to making the right decisions for your unique circumstances and long-term investment goals.

Overcoming investment losses

Behavioural finance teaches us that as investors, we tend to value gains and losses differently. In fact, some studies suggest that people feel a decline in the value of their investments twice as keenly as they do an increase of the same value. As a result, many investors are more willing to sell their winners than they are to dump a losing investment.

If you recognize loss aversion as part of your behaviour, how do you overcome it? Start by: (a) building a broadly diversified mix of investments to help soften the impact of market volatility on your overall portfolio; (b) rebalancing your investments on a regular basis to ensure your portfolio is right for your particular goals, risk tolerance and time frame; and (c) keeping your focus on your overall progress, not the short-term ups and downs of your portfolio.

Making informed decisions

Behaviourists have demonstrated that when it comes to making investment decisions, most people are strongly affected by "anchors," or points of reference, that may or may not be relevant to the decision at hand. In other words, they tend to embrace information that supports their view rather than seeking information that contradicts it.

Top 5 Financial Planning Tips for the "Sandwich Generation"

Working, caring for aging parents and raising children? Here are some ways to manage the added responsibilities.

One in four Canadians find themselves members of the "Sandwich Generation"—those juggling the needs of both children and aging parents.[1]

The good news is, with a little financial planning, you can ease this transition while still protecting your own retirement plans. Here are a few suggestions on how to handle this challenging time.

1. Optimize your financial landscape

Having a solid grasp of your financial landscape can help you establish boundaries and set realistic expectations. To organize and update your finances, here are a few considerations:

Emergency preparedness: Do you have at least six months of living expenses saved? Being prepared can help you manage unexpected costs.

Retirement: Are you maximizing your annual contributions? Make consistent contributions a priority; don't derail your savings.

Income/Cash flow: Do you have a handle on your monthly income and expenses? A clear view of your financial needs can help determine your capacity to assist loved ones.

Future expenses: What expenses are on the horizon? Consider things like tuition, renovations and cost of living increases.

2. Understand your parents' financials

While it can feel challenging to start the conversation, taking time to understand your parents' finances will help you clarify their needs and avoid any unwelcome surprises.

Confirm their monthly income, including pension and retirement savings, and make a list of their expenses (housing, health care, bills, insurance, medication, etc.). If they have an estate plan in place, be sure to discuss your role in these plans.

3. Encourage adult children to contribute

It's a good idea to involve older children in financial planning discussions. This allows you to establish realistic expectations for what you can contribute, and better prepares them for their own financial future.

Consider asking adult children still living at home to contribute financially by paying for room and board. And, if they're planning on pursuing further education, discuss applying for scholarships, loans or grants with them.

4. Share financial responsibilities

When life feels overwhelming, it's important to ask for help. Explore the possibility of sharing caregiving and financial planning with a spouse, siblings or other family members. And be sure to set boundaries to help relieve your burden and encourage others to pitch in.

5. Get estate planning in order

Do you have a Will? Do your parents? If something were to happen to you, have you planned for your children? These are important questions to help inform your estate planning. When planning, ensure you have key documents organized for both your parents and your own family, including Wills, trusts, advanced care arrangements, life insurance, powers of attorney, and a named executor to carry out important tasks.

Finally, know that a financial professional can better help you navigate this challenging time. Get in touch to discuss how you can prepare for your family's financial future.

View this article on our Wealth Insights hub:
bmo.com/swichgeneration

[1] https://brighterworld.mcmaster.ca/articles/covid-19s-silver-lining-creating-a-caregiver-friendly-work-culture/

Top 3 Tips for Engaging in Impact Investing for Gender Equality

Helpful tips on how to integrate a "gender lens" into your investment strategy.

What is impact investing?

Impact investments are those "made with the intention to generate positive, measurable social and environmental impact alongside a financial return."[1] Impact investing establishes a "double bottom line"[2] by uniting profit-making and difference-making.

What is the difference between impact investing and ESG investing?

Both strategies involve positioning ethical and financial values in investment evaluation, but here's how they're different.

Environmental, Social and Corporate Governance ("ESG") investing focuses on companies that support environmental protection, social justice and ethical management practices.

Impact investing on the other hand, is about helping an organization complete a project, deliver a program or create something positive to benefit society.[3] This growing market provides capital to address the world's most pressing challenges in sectors such as sustainable agriculture, renewable energy, conservation, microfinance, and affordable and accessible basic services including housing, healthcare and education.

How does impact investing contribute to gender equity?

COVID-19 created an economic crisis, and it's one that has disproportionately affected women. In fact, women between the ages of 25 and 54 accounted for more than two-thirds of the job losses in March 2020,[4] and through this, women have typically been the ones bearing the brunt of home schooling and caring for sick or aging loved ones.[5]

The good news is that supporting women's empowerment could be one of the most transformative economic trends of our time, with research showing that investing in women directly benefits families, communities and societies—not to mention providing a good ROI.[6]

Investing for a positive impact on women

Many women-led ventures are creating enterprises that target a wide variety of social and environmental issues, with some explicitly addressing the needs of women. In 2016, BMO created the BMO Women in Leadership Fund, providing investors with an opportunity to support North American entities that have a 25% representation of women on the board of directors and/or a female Chief Executive Officer.

Integrate a gender-lens approach within your own portfolio

If you're interested in gender-lens impact investing, here are three approaches to consider:

1. Avoid gender equality bandwagon jumpers: Investors should do their homework, screening out companies that claim to support gender equality but have no evidence to support the claims.
2. Seek out gender diversity leaders: Look for corporations that commit to promoting women leaders at the senior management level, while ensuring pay equity, inclusivity and programs to support women in the workplace.
3. Invest in companies that elevate women: Choose companies that not only prioritize women in the workplace, but also offer products and services aimed at improving their lives.

At the end of the day, there is no one-size-fits-all approach to gender-lens impact investing. It's a good idea to ask yourself: What do I want my future portfolio to look like?

View this article on our Wealth Insights hub: bmo.com/impactinvesting

For more insights, go to bmo.com/PWinsights

[1] https://thegiin.org/impact-investing/need-to-know/#what-is-impact-investing

[2] https://pitchbook.com/blog/what-are-the-differences-between-sri-esg-and-impact-investing

[3] https://www.investopedia.com/financial-advisor/esg-sri-impact-investing-explaining-difference-clients/

[4] https://thephilanthropist.ca/2020/05/covid-19s-dispropportionate-impact-on-women-raises-tough-questions-for-a-philanthropic-community-wary-of-applying-a-gender-lens-to-its-investments/

[5] https://www.findevcanada.ca/en/blog/covid-19-investors-time-double-down-gender-lens-investing

[6] https://knowledge.wharton.upenn.edu/article/how-gender-lens-investing-is-gaining-ground/

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