Importance of Financial Planning

The Importance of financial planning

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

Financial planning enables you to clearly identify your priorities and focus your resources on achieving your objectives. To attain your financial 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 consideration both your personal and financial situations. A good financial plan can help you answer important questions, such as:

- What do you envision for your retirement? What will your finances look like?
- If you have children, are you financially prepared to fund their post-secondary education?
- Are you financially prepared for any future unexpected medical expenses?
- 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, spouse or common-law partner, or a child with a disability?

Your BMO financial professional 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 developing solutions;
- Evaluating the recommendations presented in your plan;
- Exploring options and strategies that best meet your needs and goals;
- Implementing your plan; and
- Reviewing your plan on a regular basis.

Your personal plan

At BMO Private Wealth, we're here to assist you on your financial planning journey. We'll begin by understanding your values and current personal and financial situations. We'll discuss details about your future aspirations, and how you can plan for your family's future by receiving helpful information and tools 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 and analysis of your investment, retirement, and estate planning needs. Where applicable, disability and education planning needs are also considered. Following the assessment, you'll receive strategic and actionable recommendations within your financial plan 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 help you meet your goals.

Investment planning
A successful investment strategy begins with an assessment of your investor profile in order to determine an appropriate asset allocation strategy. A review of the current asset mix of your portfolio – including your registered and non-registered investments – will be completed to ensure they are consistent with your investor profile and long-term financial plan.

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

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 your surviving spouse or common-law partner, and if more capital is needed to support the survivor's lifestyle.

Recommendations
Key findings within each of the planning areas 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 BMO financial professional can help you determine if you need to meet with other professionals, such as a tax advisor, an insurance specialist, an estate lawyer, or a philanthropic advisor, to implement your plan. They 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.

Seek advice

Your financial plan is the foundation of your overall wealth management strategy. At BMO Private Wealth our financial professionals will guide you through the financial planning process to help you meet your financial goals.

For more information, please speak with your BMO financial professional.

BMO Private Wealth

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