

Wealth Planning for Uncertain Times

In times of uncertainty and market volatility, creating or updating your wealth plan will help to keep you focused on the long term and can provide reassurance that your goals remain achievable.

Over the past thirty-five years there have been several events that impacted markets and caused global uncertainty: the **Black Monday Market Crash** in 1987, the 2007/08 **Financial Crisis**, the **COVID-19 pandemic** and, most recently, the **war in Ukraine**. And, like crises before it, the war in Ukraine will also come to pass. However, while this crisis may have triggered concerns and doubts, it's always important that you don't make rash or emotional decisions. Instead, you should maintain a long-term perspective and remain focused on long-term goals and objectives to provide confidence in your financial future.

Value of a wealth plan during uncertain times

You've worked hard to build your family's wealth, so preserving it is a priority. The best way to safeguard your prosperity is through effective wealth planning. There are many benefits to wealth planning. From making the most of your assets to protecting those assets in times of uncertainty. Your wealth plan should also factor in the unexpected in order to take care of your loved ones – now and in the future.

Working with a financial professional at any time can help you to achieve your financial goals. This is even more important during times of uncertainty and market volatility. Your BMO financial professional can provide guidance and direction, ensuring you stay focused on the long term.

Reassurance from a wealth plan

Wealth planning involves forecasting and periodically making adjustments based on changes in your current situation, future expectations and actual market performance, which can result in an updated wealth plan.

Your BMO financial professional can help you stress test your overall wealth plan and current asset allocation to illustrate that your long-term goals or objectives are still achievable – by remaining patient during these challenging times, adhering to financial guidance, and not reacting to short-term volatility.

Wealth planning tips to follow during a period of uncertainty

Historically, the markets have always rebounded after a period of volatility. Yet, in times of uncertainty it is easy to get overwhelmed and capitulate to losing focus of your long-term financial goals.

The following tips are provided as guidelines to help you stay focused on long-term financial goals and be prepared to overcome this period of uncertainty:

- 1. Revisit your budget.** It's important to know how much you spend each month, and whether there are expenses you can reduce or eliminate. Consider reviewing your last two to three months of spending and then implement a spending plan. A spending plan outlines your expenses – what you are paying out on bills and other outgoing costs each month – which are funded by your sources of income. Consider a minimalist budget that requires the least spending, focusing on expenses that you can control, such as food and housing, and eliminating unnecessary online purchases.
- 2. Revisit your short-term and long-term goals.** What are the short- and long-term goals that you are focused on? Whatever those goals may be, it's crucial to take a targeted investment approach and prioritize them through a lens of financial uncertainty. Your BMO financial professional can review your investment strategy and provide guidance on the most appropriate strategy in light of the current environment, and that is tailored to your short- and long-term financial goals.
- 3. Review your emergency reserves.** Try to allocate liquid funds that can cover three to six months of minimal spending, such as short-term savings or lines of credit, and assess whether these reserves can adequately cover six months of expenses.

4. **Review your insurance coverage.** What types of insurance do you have, and how much coverage is available? Speak to your BMO financial professional to have your insurance needs assessed or reviewed by one of BMO's **Estate and Insurance Advisors** (Financial Security Advisor in Quebec).
5. **Keep your financial picture simplified and organized.** Make sure you know where your key documents are located (i.e., investment statements, insurance policies, Wills and Powers of Attorney), and ensure you communicate with loved ones the location of these important documents.
6. **Review your tax and estate planning strategy.** Your BMO financial professional can also engage with BMO's Tax Planning Consultants to review tax-related strategies that may be applicable to your situation, such as tax-loss selling, estate freezes or re-freezes, and the implementation of a prescribed rate loan strategy. It's also important to review your estate plan and ensure that it reflects the current reality. BMO's **Estate Planning Consultants** can review your overall estate planning strategy, including your Wills and Powers of Attorney, to ensure they are up to date and reflect your wishes and legacy goals. Such reviews are best done in the context of your overall wealth plan.
7. **If you're a business owner, review your business continuity plan.** Speak with your BMO financial professional to coordinate a consultation with BMO's **Business Advisory and Succession Planning Specialists**. These Specialists are able to comment on what the downturn means to your business from a valuation perspective, and provide an update on what the mergers and acquisitions activity is in the current environment. They can also review important components of your business continuity plan such as contingency planning, cash flow management, expense management, financial forecasting, capital structure optimization, working capital management and operational efficiencies.
8. **Review your charitable giving strategy.** If you're in a fortunate position to make a difference during this time, there are many ways you can help. With so many opportunities available to give and help others, BMO's **Philanthropic Advisory Services** can assist you with taking a strategic approach to your philanthropy, while also providing guidance on how you can respond to the crisis presented by supporting projects or causes that will have a meaningful difference in the lives of those impacted.
9. **For those in, or close to retirement, prepare your retirement savings for deaccumulation.** It's important to set aside a percentage of your portfolio for withdrawals. To offset retirement portfolio depletion when markets are down, look for opportunities to limit selling of equity investments during periods of negative performance. Retirees can set up strategies for taking minimal or no distributions from their portfolios during times of equity market underperformance and, instead, withdraw from fixed income or cash allocations. Speak with your BMO financial professional to review your retirement income strategy.
10. **Adversity is best dealt with together.** Remember, you don't have to go this alone. Speak with those in your inner circle, including family members, financial, and other professionals (medical, legal and tax) that you would normally be in contact, to ensure you are getting the advice and support you need during this time.

Many of these guidelines may be applicable to anyone, but you should consult with your BMO financial professional and/or tax and legal professionals to determine if they are appropriate for your unique situation.

Conclusion

During times of uncertainty, when you're most concerned, you should not have to second guess whether your financial goals and objectives are also at risk. Reviewing or creating a well thought out wealth plan that has been stress tested should ensure you can weather the crisis over the long term.

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



BMO Private Wealth provides this publication for informational purposes only and it is not and should not be construed as professional advice to any individual. The information contained in this publication is based on material believed to be reliable at the time of publication, but BMO Private Wealth cannot guarantee the information is accurate or complete. Individuals should contact their BMO representative for professional advice regarding their personal circumstances and/or financial position. The comments included in this publication are not intended to be a definitive analysis of tax applicability or trust and estates law. The comments are general in nature and professional advice regarding an individual's particular tax position should be obtained in respect of any person's specific circumstances.

BMO Private Wealth is a brand name for a business group consisting of Bank of Montreal and certain of its affiliates in providing private wealth management products and services. Not all products and services are offered by all legal entities within BMO Private Wealth. Banking services are offered through Bank of Montreal. Investment management, wealth planning, tax planning, and philanthropy planning services are offered through BMO Nesbitt Burns Inc. and BMO Private Investment Counsel Inc. If you are already a client of BMO Nesbitt Burns Inc., please contact your Investment Advisor for more information. Estate, trust, and custodial services are offered through BMO Trust Company. BMO Private Wealth legal entities do not offer tax advice. BMO Trust Company and BMO Bank of Montreal are Members of CDIC.

© Registered trademark of Bank of Montreal, used under license.

All rights are reserved. No part of this publication may be reproduced in any form, or referred to in any other publication, without the express written permission of BMO Private Wealth.