

THE OBJECTIVES OF FINANCIAL PLANNING

The Objective	Some Examples
◆ To get <i>value for money in family financial planning</i> .	Reduce interest costs Rent versus own
◆ To <i>minimize and defer income taxes</i> and other government levies.	Pensions, RRSPs, income splitting Employ spouse and children Gifting
◆ To <i>maximize return on investments</i> at a reasonable level of risk.	Good investment strategies Quality investment advice Fees Preferred tax rates Diversified investments
◆ To accumulate the necessary savings for <i>significant family needs</i> .	Purchase of a recreational property Children's education
◆ To <i>prepare family members</i> who want to carry on the family business if applicable.	Balancing the estate amongst children Planning the sale of the family company
◆ To have the <i>necessary capital available in case of unexpected loss of income</i> due to death or disability.	Insurance Systematic savings Financial planning
◆ To <i>mentor children</i> in wealth management.	Family discussions Use of trusts Introduction of professionals
◆ To have sufficient <i>savings and income for retirement</i> .	Systematic savings Use of tax deferred plans
◆ To make sure <i>charitable giving</i> is done in a tax effective way during your lifetime and on death.	Gifts of appreciated securities and property Use of Community Foundations
◆ To <i>minimize taxes at death and distribute estate according to your personal wishes</i> .	Use of trusts in wills Will planning Powers of attorney Choice of executors

A properly prepared financial plan will address all of the above issues. In fact, that is the main purpose of a financial plan. The active part of financial planning usually has a three to five year time horizon at which time a fresh look needs to be taken and a new financial plan put in place. Financial projections beyond five years are interesting but much less reliable.

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