

## The Role of Luck in Your Planning

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One of the most interesting facets of the financial services industry is how so many people tend to invest their money and plan their financial affairs by chasing trends and doing what is "popular".

For example, many investors like a "sure thing" and will often pile into an investment sector that is hot.

As human beings we often like to see evidence first that something is coming into reality before we join the trend, which is the opposite of how financial planning, regular planning and goal setting actually work to create results.

This premise may be the primary reason that people make New Year's Resolutions. They set goals with an intention to bring into reality a wish or desire with no evidence that this will actually happen. This can be as simple as exercising three times a week or getting a new job. In planning for any type of big project, it is vital to choose a goal that resonates enough with you emotionally to pull you into action. Ideally, your daily behavior and actions will be aligned with your desires and intentions. Eventually, you may find going to the gym exhilarating and fun.

The catch is that people generally want proof that something is possible before they take action. However, the reality of creating results (and changing the world) is that action is first required before the evidence appears to support that action. You have to see it in your mind's eye first, which is exactly what Gandhi did when he drove the British out of India through non-violence and a steely resolve.

This is the heart of a solid financial strategy. When you buy a car, you get to drive it immediately. When you sit down with your advisor to create your retirement lifestyle and wealth creation plan, you learn that certain actions are required now in order to see results 20 or 30 years in the future. In other words, the results cannot be measured with any degree of certainty in the present. We can only use the past as a guide to what is possible in the future.

At this point, luck and wise behavior enter the picture. While a Financial Advisor can look back and point to a success story (Client A) over the past many years, there are no real guarantees that the same result will occur for you. It could even turn out even better than you imagine.

Therefore, the wisest path is to always follow the best known methods and industry practices to build your nest egg and financial wealth as quickly and efficiently as possible. All the while also taking into account your personal comfort level and preferences on strategy and implementation.

This process should take into account your personal situation, your health, lifestyle, savings ability and earnings potential. It will also take into account, and adjust for any possible negative events such as recessions or job losses and so on.

Once you have done all the right things, managed your lifestyle and personal risks, saved your money tax efficiently through the use of RRSPs, TFSAs and so on, then your job is to sit back and let time take care of the growth needed to fulfill your wealth accumulation objectives.

But this is not a passive strategy. Once you have done all you can to plan your future (and hedge the known risks) you still have to see how the future unfolds. The growth of the economy and government policy changes will very likely impact your retirement plans over time and these factors will necessitate periodic adjustments to your overall financial strategy.

And this is where luck comes into the picture. Who could have predicted that real estate prices were going to increase dramatically in certain Canadian cities and suddenly assist many Baby Boomers with their asset accumulation strategies? But by simply owning a home at the right time, these people were ready (or lucky enough) to benefit from such an increase.

Good planning and preparation are the fuel needed to enhance whatever luck comes your way!

[Call us today to discuss](#) [1] how you can put luck to work for you.

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