

What makes a good financial strategy?

Posted on: October 10, 2022

When you're going on a journey, there are three essential questions to ensure you have a great trip. How will I get there? How much will it cost? How will I deal with the unexpected? Answering these questions thoughtfully will allow for a more pleasant trip.

A written financial strategy serves the same purpose in the bigger picture of life. When you have a plan for your financial journey, it's easier to decide how you spend money, stay on track, manage unexpected expenses, and achieve your long term goals. It may also help to safeguard your assets when major life changes like retirement, marriage, children, divorce or job loss come along. So what makes a good financial strategy? Here are some critical components it should include¹.

1. **Goals** – List all of your financial goals. Consider everything that matters to you, from paying off debt, buying a home, saving for retirement, or funding your children's education to your future lifestyle, assets, and liabilities.
2. **Investment** – Determine how you will invest your money. Consider your risk tolerance, time horizon, and the need for liquidity.
3. **Insurance** – Review your life, health, disability, and long-term care insurance policies to ensure they are adequate and up-to-date.
4. **Estate Planning** – Review your will, powers of attorney, and advance directives to ensure they are current and reflect your wishes.
5. **Tax Planning** – Review your tax situation and consider strategies to minimize your tax liability, such as using tax-advantaged accounts and capital gains harvesting.
6. **Retirement** – Review your retirement savings plans, including 401(k)s, IRAs, and RRSPs, to ensure you are on track to meet your retirement needs.
7. **Charitable Giving** – Review your charitable giving strategy and consider ways to maximize your impact and minimize your tax liability.

[8 Components of a Good Financial Plan](#) [2]

Copyright © 2022 by Lifetime Financial Planning Group. All rights reserved. This article is provided for informational purposes only and is not intended to be used as a solicitation in a jurisdiction where this Investia representative is not registered. The information and is not liable in any way for any error or omission.

Tags: [retirement planning](#) [3]

Mutual funds are offered through Investia Financial Services Inc. The particulars contained herein were obtained from sources which we believe reliable but are not guaranteed by us and may be incomplete. The opinions expressed have not been approved by and are not those of Investia Financial Services Inc. This website is not deemed to be used as a solicitation in a jurisdiction where this Investia representative is not registered.

Source URL: https://lfpfg.ca/e-newsletter/2022/2022-10/article-1.htm?qt-tabbed_block=0

Links

[1] <https://lfpfg.ca/contact-us> [2] <https://www.schwab.com/financial-planning-collection/8-components-of-good-financial-plan> [3] <https://lfpfg.ca/taxonomy/term/15>