

New Years Financial Resolutions

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Jack and Diane want to improve their financial situation and feel that making financial New Years resolutions and implementing them is a good start. To help identify their priorities, they made the following list:

Set Objectives - Goal setting is the foundation of achieving financial success. If they write down their goals, it will help Jack and Diane clarify them and establish their personal and financial priorities.

Pay Themselves First - There is no better way of building wealth than paying themselves first. It simply means Jack and Diane take their savings off the top of their pay cheques rather than from what little, if any, is left over. By building their investments through regular monthly deposits, they also benefit from dollar cost averaging.

Avoid Personal Debt - Since interest on personal debt, such as credit cards, car loans and a mortgage, is usually not deductible for income-tax purposes, paying it off is one of the best investments Jack and Diane can make. Too much personal debt is the most serious obstacle to achieving financial success.

Diversify Their Investments - Few people have the time or specialized knowledge to successfully manage their own investments. By choosing well-managed investment funds, Jack and Diane will have the benefit of professional management as well as better diversification.

Maximize Their RRSPs; Jack and Diane's RRSPs are the cornerstone of their retirement financial plan. But they haven't been making enough deposits to meet their goals. They can boost their plans by using RRSP loans, setting up monthly automatic deposit arrangements and by depositing any refunds they receive into their RRSPs.

Prepare an up-to-date Will - They want to decide how their estate will be settled. A professionally prepared Will makes sure that their estate gets settled quickly when they die and reduces the risk of the courts making distribution decisions for them. Jack and Diane also want to choose who gets custody of their children.

Reduce Their Taxes - There are not as many generous tax breaks as in the past. In addition to RRSP deposits, they may be able to further reduce their tax bill by shifting investments into the hands of lower-income family members. Also, the tax-sheltered growth within a permanent life insurance policy should not be overlooked.

After carefully reviewing their list, Jack and Diane chose the strategies most important to them and adopted these as their New Years Financial Resolutions. With the help of their financial advisor, they'll get their year off to a good start. They will monitor their progress towards achieving their goals by doing periodic reviews.

Want help with your money resolutions?

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