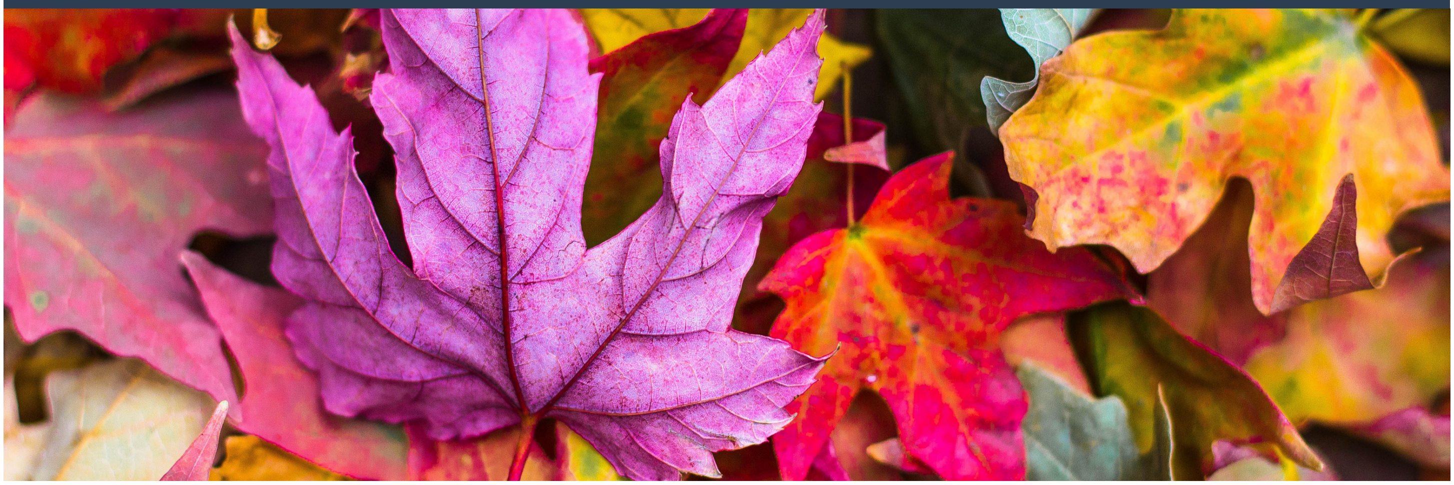
Fall 2021



# Talk to Your Kids about Money!

*Written by Ryan Husk*

We preach this all the time and we don't plan to stop. Most people learn most of their knowledge and skills with money from their parents. It's never too early to start. Here's some simple ideas for various ages:

**The early years** - For young children, simple activities and games that help them identify coins and bills are a fun and practical way to introduce money concepts. Another approach is to encourage them to save with a piggy bank using a clear glass or plastic jar so they can watch their money grow before their eyes.

**The grade-school years** – Organizing a yard sale or lemonade stand can help your kids apply their knowledge of dollars and cents, while teaching them how to budget for supplies and manage profits or losses, as the case may be. It's also a chance for them to experience firsthand how much time and effort it can take to make money. When your children are old enough, you can open chequing and savings accounts for them to periodically deposit their "earnings" and track their spending. Review their statements with them so they know what the numbers mean and how much cash they have in the bank. This is an ideal way for them to learn about interest.

**Teenager to young adult** – review the household bills together to help them recognize how their actions – like leaving on the lights or running the tap for too long – have financial consequences. Similarly, explain what you're doing when you use an ATM card and take time when you're shopping together to point out money-saving opportunities. Most teenagers want autonomy and to contribute to their lifestyle needs, so part-time work can be rewarding and help them learn to save better. Once they have a steadier income, give them responsibility over some of their expenses, like a phone or internet bill, and enforce real consequences for late payments if need be.

# Why Everyone Needs an Estate Plan

Pop legend Prince passed away in 2016 at the young age of 57. Despite fame, fortune, a wardrobe filled with raspberry berets, and a lineup of royalty-generating music, the man made a critical mistake that too many Canadians seem intent on copying - he didn't have a will.

An Angus Reid Institute poll finds **that 51% of Canadians do not have a will, while only 35% have one that is up to date**. If you want to mimic Prince's fabulous personal style, that's one thing; but following in his footsteps by dying without a will is not something we recommend.

An estate plan isn't just for the wealthy, and it involves much more than a will. Consider a few real-life scenarios that may hit a bit closer to home than the story of an international pop star.

**Scenario 1**

A single father has two minor children. He has a well-paying job and has accumulated assets: an RRSP, a TFSA, and the family home. He also has a life insurance policy that would pay out upon his death. He would like to have the assets managed professionally for his children until their 25th birthdays.

The case may be obvious, but our father is in dire need of a proper estate plan. Upon his death, there are tax consequences for the RRSP, a formal trust needs to be set up by a lawyer, a trustee needs to be appointed, and assets need to be liquidated. The only proper way to do any of these things is with the help of a will.

**Scenario 2**

A married couple has two young children. They have some debt but do not have much in the way of savings. There is a modest life insurance policy through the wife's employer, but with the absence of personal wealth and with money tight, they are not yet considering creating a will.

Personal wealth does not determine the need for an estate plan. Importantly, a proper estate plan covers the guardianship of minor children. Without explicit directions from the parents, the guardianship could end up in court. With family members who don't get along, the only ones who win are the lawyers.

**Scenario 3**

Your friend's mother passes away. Your friend's half-sisters would like their mother to be buried next to their father, who passed away 50 years ago. Your friend, of course, would like her mother to be buried next to her father, who was the deceased's current husband of 45 years.

A proper estate plan involves a final directive, which is direction to those left behind on what should happen with one's remains. It's often difficult to foresee what problems or contentions may arise upon your passing, which is why a properly structured and well-thought-out plan is crucial.

So, should you have an estate plan? The answer, in our experience, is almost certainly "Yes". And that estate plan should almost certainly include a will, appointment of a power of attorney, and final directive. Not only should you have a plan, you should also revisit it regularly, as it's likely you'll change your mind as circumstances change over time.

If you're having difficulty figuring out where to begin, talking to a professional would be worthwhile. Give us a call to discuss. While we can't give legal advice, we can steer you in the right direction to get started! It doesn't have to take much time and it doesn't have to be expensive.

# Avoid the Holiday Debt Hangover!

*Written by Andrew Raymer*

January is a great time to examine your finances and set new targets for the year, but making progress on your goals can be challenging if you have to deal with a holiday debt hangover.

**1. Own what you owe**

Fixing any problem begins with understanding it. People can be so afraid of their debt that they refuse to open their bills. But late or ignored debt payments only make matters worse and can have a long-term impact on your credit rating if left unchecked. Take the first step and gain clarity by assessing the damage to know exactly how much you owe and to whom. Then set up a schedule for paying back the debt. Try to repay significantly more than the prescribed minimum so that you chip away at the principal.

**2. Put your spending into hibernation**

Now is the time to give your cards and yourself a rest – don't add to the debt. Reduce your entertainment costs, avoid eating out and trim any extras on your internet, telephone and/or cable bill. Use a debit card or cash to pay for necessities like food. And take steps to avoid spending temptations. That may mean going for a walk outside instead of through the mall or keeping your credit card at home. A lot of our life is now online, so you may also want to take a digital hiatus to control any shopping from your couch.

**3. Focus on goals, not resolutions**

Resolutions tend to be all or nothing affairs. They usually fail because we often don't map the necessary steps to achieve the goal we're striving for. To successfully achieve your goals, you have to have a clear intent, a concrete plan and a willingness to take action. Start by building a budget and a timeline for each goal. For debt, set a reasonable deadline for paying it off. Remember that over time, putting aside even small amounts in regular increments can grow to substantial savings. Just think – if you can save $50 a month for a year, you'll have $600 to spend during the next holiday season.

**You owe it to yourself**

Being prepared and having a plan to bring your aspirations to fruition is one of the best ways to make a positive and meaningful change in your life. For help fine-tuning your 2022 wealth plan to get results and move closer to realizing your goals, contact one of our Investment Advisors today.

# PLANNING TO HELP KIDS FINANCIALLY

Kids today will face a myriad of financial challenges which will be more difficult than what we (adults) have faced in our lives. Schooling costs more, housing costs an incredible amount more, weddings and just keeping food on the table are becoming huge expenses.

Instead of hoping for more government help or a housing crash, we think you should take things into your own hands and plan to help them financially.

There is a very under-utilized program that exists to help parents get ahead and start saving now to help their kids later. The Registered Education Savings Plan (RESP) is very rarely used to it's full potential. This is obviously designed to help with education funding. If you start early and use this plan to it's full potential, it will lower the burden of education costs later and perhaps free up some money to help in other areas as well.

You can contribute $2500 per year per child to maximize this plan. Unused room can be carried forward, but you can only catch up on one past year at a time. So we highly recommend you start while they are young rather than play catch up. 20% of this money is matched by the government and all the money gets invested. The lifetime maximum grant is $7200.

**Where will we get the money to invest?**

Chances are you are receiving the Canada Child Benefit - a tax-free benefit far higher than the generation before you received to help with the costs of raising children. We challenge you to pretend you are not receiving this benefit, and direct this money to a RESP. Sit back and watch it grow!

# Contact Information

Andrew Raymer
BBA, CIM®, CFP®
**Investment Advisor**
iA Private Wealth
**Insurance Advisor**
iA Private Wealth Insurance*
**andrew.raymer@iaprivatewealth.ca**

Ryan Husk
BBA, RIS
**Investment Advisor**
iA Private Wealth
**Insurance Advisor**
iA Private Wealth Insurance*
**ryan.husk@iaprivatewealth.ca**

Julie Witzel
**Executive Assistant to Andrew Raymer & Ryan Husk, Investment Advisors**
iA Private Wealth
**julie.witzel@iaprivatewealth.ca**

iA Private Wealth™