



Part 6

PROTECTING ASSETS AND PLANNING FOR THE FUTURE



PROTECTING ASSETS – AND PLANNING FOR FINANCIAL INDEPENDENCE

Let's Discuss...

\$ Insurance

\$ Planning for Financial Independence

Nothing is more frustrating than working very hard to achieve something and then losing it. The same is true in the world of money.

It can be very sad (sometimes tragic) if all of a sudden things for which we have worked so hard are destroyed or taken away. Part of good financial planning is to plan for things that may go wrong – and to protect the things you care about most. This includes the relationships in your life and your family members. And it can include the material things – a home, cottage, car, boat, etc.

How About You?



What are the things that you care about most in your life at this time? Has any item you have ever owned, and that you really cared about, been lost, damaged, or stolen? If so, were you able to do anything about it?

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That is the role of insurance. Insurance is a way to reduce or eliminate risk. What kinds of risk?

- The risk that, when you have a family, a life partner, children, etc., that you may die or become injured or disabled – and not be able to earn an income;
- The risk that another member of your family, on whom you may rely for support or assistance, may die or become unable to provide support;
- The risk that something you have worked hard to get – a computer, bike, cell phone, home, cottage, car, etc. – may become damaged, destroyed, or stolen;
- The risk that, while driving a car, you hit and hurt, or kill, someone.

And so on. There is a somewhat crude saying about what can happen in life – and it's true. Bad things will happen. We wish they didn't, but they do – and, if they do, you'll want to be prepared – and protected if you can.

Insurance can help. For a fee, you can buy a "policy" that can help you be prepared for such possibilities. Even at a young age, insurance will be important – for those who drive a car, or travel out of the country, or rent a house or apartment, etc. Bad things can happen – car accident, injury or sickness while in another country, a fire starts in your apartment – and you'll want to be protected if this happens.

Discuss



What are some of the common risks that young people face? What, if anything, can they do to reduce those risks?

How About You?



Have you thought about possible “risks” in your life? Are there risks that you face? If so, are you protected? If so, how? If not, could you be?

The challenge, in some cases, is to think about things that could happen that you don't really want to think about. But it is necessary if you are going to be prepared.

In addition to insurance and trying to reduce or eliminate risks, another key part of financial planning is to look ahead to a goal that most people have – to be “financially independent” some day. Sometimes this is referred to as “planning for retirement.”

But what is “retirement?” Sounds like “getting old.” But, in reality, to be able to retire, most people are trying to get to where they no longer have to work for a living. It is when they have saved, or acquired, enough money that they can live off the money they have – or can get from “non-working” sources – so they don't have to work anymore. The money they live off may come from government or company pensions, savings and investments they have made, “assets” – like a home – that they have acquired that could be sold, etc. It is a great moment in life when a person can be “financially independent” and not have to work.

We encourage you to look ahead to your financial future not so much as “planning to retire” but rather planning to build up “non-working” sources of income so that you can decide whether you want to work or not.

If you want to get to where you can work or not work at some target point in your life, early planning is crucial.

Let's take a quick look at these two important areas of managing money – (1) how to protect the things in life you care about (or will care about) and (2) how to plan ahead for financial independence.

How About You?



You are just starting your working life. But do you hope to not have to work to make a living some day? If so, when – when you are 45, 55, 65, 75, ever?

\$ Tip



If you hope to get to a point some day in your life when you can choose to work or not work – and stop work if you want to do other things – try and start planning for that as soon as you can. Many people leave it too late and struggle to ever get to that point. Pick an age when you would like to have that freedom to choose – and see what it will take to get there.

Protecting You And Your Assets: Insurance

Insurance is a way to reduce, eliminate, or share risk. You buy insurance from insurance companies. These are companies that pool the money they receive from “policy-holders” (those who buy insurance) and then use that money to make payments to those who make “claims” when things happen. The payments made to insurance companies by policy-holders are called “premiums.” Insurance companies will also put some of that money to work by making investments.

The insurance companies stay in business, and earn a profit, if they can take in more money through premiums and their investments than they have to pay out in claims.

The premium that you will pay for an insurance “policy” will depend on how much risk you represent for the insurance company. Insurance companies have very detailed records, and use “probability tables,” to help them decide how much risk they would take on by providing possible clients with insurance “coverage.”

For example, and as you may know, past statistics show that young males tend to get more speeding tickets – and get in more car accidents – than young females. Because of this, young male drivers represent a higher risk. Therefore, if you are a young male, you are probably going to find that your monthly premium payments for car insurance are going to be higher than if you are a young female.

That’s how insurance works. The higher the risk, the more you will have to pay to get insurance coverage. That may not seem fair if you are a young male and a good and careful driver. Unfortunately, the “odds” work against you. Because the odds show that young males are more likely to have a car accident, young males usually pay more than young females for insurance.

How About You?



Do you know young males and females who are driving cars and are insured? Have you heard whether rates are different for males and females? If you drive, or when you do drive, be honest – what level of risk would you give to you?



\$ Tip



If you can, and can afford it, look into a “driver education” program. Not only may it help make you a better driver, it may help lower your insurance costs.

\$ Tip



Insurance can be very costly for young drivers. Avoid speeding tickets. Avoid accidents – obviously! See if you qualify as an “added driver” to a policy of a family member rather than being the “primary” driver of a car. Be careful lending a car to others who may get into an accident.

It is also the case that some people may be, or may become, such a high risk that companies won't insure them at all – or the costs of getting insurance are so high that the person may not be able to afford the insurance.

In the same way that you want to keep a good credit rating, you also want to try and keep your “risk factor” as low as possible. What does that mean?

If you drive a car, the better driver you are, the longer you have been driving, the fewer tickets you have, the fewer accidents you have, etc. the lower risk you are – or the lower risk you will become and the cheaper your car insurance. You may not get a break at the beginning (although insurance is often reduced if you can prove you have had “driver training”) but, over time, as you drive more, and time passes, your driving, speeding, and accident record will affect your insurance rates.

The same is true for life and health insurance. The healthier you are, the younger you are, if you don't smoke, if you don't take drugs, the safer your job, the better the health of your parents and others in your family, etc. the lower will be your “health risk” – and risk of dying. Therefore, you will likely be able to get insurance on your life and health at a lower cost.

\$ Tip



To pay as little as you can for insurance, you want to keep your “risk factor” as low as possible. That means that insurance companies will not see you as a high risk in terms of the likelihood of you making a claim – or lots of claims. Think about factors that may affect your “risk factor” and how much you might have to pay for insurance.

Types Of Insurance

There are basically two types of insurance – (1) general insurance and (2) life and health insurance. General insurance refers to insurance policies that cover property and physical assets – house, boat, car, jewellery, etc. Life and health insurance policies, not surprisingly, cover your life and your health.

The cost of a general insurance policy (how much your premium is monthly, semi-annually, or annually) will depend on a number of things including:

- the value of the asset you are protecting (e.g. a house at \$350,000 or a car at \$35,000) – the more valuable the asset, the more costly the insurance.
- the risk of something happening to the asset or how frequently it is used (e.g. do you drive your car 30,000 kms. a year or do you drive your car 10,000 kms. a year?) The more it is used, the more likely an accident will happen– and the higher will be the cost of insurance.
- your personal record with respect to your assets, their loss, and previous insurance claim you may have made (e.g. you may have claimed for lost jewellery and also claimed twice for house insurance – a break-in and theft and a flooded basement). The more you claim the more things seem to happen to you – the higher the risk – and the higher the cost of insurance.
- the type or style of the asset being insured (for example, insurance for a sports car will probably cost more than insurance for a conservative sedan because past history has shown that sports cars are involved in more accidents).
- the area you live in (for example, insuring a house and its contents in a high crime rate area may cost more than in a house in a low crime rate area).

Life and health insurance is what you will acquire to (a) provide for others in the event you should die (life insurance) and (b) provide for yourself and others in the event you become sick or disabled and you are unable to earn an income (disability insurance).

With respect to life insurance, there are two general types – “term” insurance and “permanent” insurance. Term insurance is cheaper. It provides protection for those things for which the financial need for protection is more temporary. For example, suppose some day you have children. Suppose you want to be sure that, should you die, their post-secondary education costs would be covered. That would be a temporary need for insurance. Why? Once the children are beyond post-secondary school age, the insurance protection would no longer be needed. Therefore, you may arrange for term life insurance that would end when the children reached that age. The life insurance would be temporary and would only be paid if you died before the policy ended. If the children complete their education, and the policy ends, and you didn't die – first, celebrate! But you don't get anything from the policy. You were buying protection in case anything happened to you. If nothing did, the insurance company keeps the money. Their risk was that you might die. If you did – they pay. If you didn't – they don't. The payments you made would have been temporary. And the cost of term insurance is often relatively low compared with other kinds of insurance.

Think About It



Have you done anything to date that might affect your “risk factor” – either positively or negatively? Are there others in your life who may have an influence on your “risk factor” – either today or in the future?

How About You?



Do you know if there is any insurance protection in place that could help you in a certain situation – if that situation ever arose?

Permanent insurance (such as “whole life” policies) are different. They are just that – permanent. They last for life. Whereas term insurance might be paid (for example, if you die), permanent insurance will be paid when you die.

Permanent insurance is for permanent protection. For example, suppose you want to ensure that estate taxes are covered when you die. (The government receives taxes levied on the estate of a person when he or she dies). Or maybe you want to leave money for a life partner, children, etc. after you die. That means you want insurance to provide money when you die – not if you die. You want permanent protection. That is when you would consider permanent insurance, which is more expensive than term insurance. Why?

With permanent insurance, the company knows they eventually will pay. They pay when you die. That is why it costs more than a policy where they might not pay – in fact, the odds may be pretty good that they won't pay.

So remember, insure things that are important to you – and insure them with the right kind of insurance. But don't take on more insurance than you need. Most people will work with an insurance agent to help provide advice on how much insurance to buy. But insurance, and deciding on the right amount, and the right kind, can be complicated. Do your homework. Read about insurance before making insurance decisions. And work with an agent who is able to explain things in a way you can understand. Try to make sure you have enough insurance – but not too much and more than you need.

At a young age, you will most likely have your first dealings with insurance when you drive a car, or when you travel (and need out-of-country) life and health insurance, or possibly “renter’s insurance” if you move out and rent a house, condo, or apartment. You will probably need advice – and maybe help – from family members to make insurance decisions and cover the costs.

Now, let’s turn our attention to the goal of financial independence.



\$ Tip

If you move out and rent a place – or if you have already – look into “renter’s insurance.” You might want some to protect you in case anything happens to the place you are renting – and it’s your fault.

Don’t put off thinking about life insurance too long. No one wants to think about dying – but life insurance policies can be a lot cheaper if they are started at a young age. As soon as you start thinking about forming a household with someone, or having a family, start to think about – and look into – health and life insurance.

Setting A Target For Financial Independence

Pablo Casals, the famous Spanish cellist, once said that: “To retire is to begin to die.” Casals obviously saw retirement as an unwanted change in life. To him, it meant shifting your focus from preparing to live to preparing to die. That would not inspire many people to think about retirement.

However, here is a suggestion. Don’t think about “retiring.” Think about getting to where you are “financially independent” – and don’t have to work for an income.

Perhaps society made a mistake in creating the concept of “retirement” in the first place. In early civilizations, many privileges came with age. There was no fixed date after which you suddenly became “retired.” Elders were highly respected – and often seen as having the most to offer based on their wisdom and experience.

Things have changed over time. The world changes so fast these days that older people are often seen more today as “out of touch” or “not up on things” or “behind the times.” That is probably an unfortunate change since there is still a great deal that can be gained from the wisdom and experience of those who are “older” in our society.

Regardless of whether it was a good or bad thing, the concept of “retiring” came into being rather recently in our society. For a long time, the common target date to retire was age 65. At that age, it was assumed most people would stop working for an income. In some cases, they even had to stop working because retirement was “compulsory” at age 65.

This is becoming less common today. Why?

- Many people are not prepared financially to retire at age 65;
- More and more people are not getting a pension from their employer to help them in retirement;
- More people are in good health and don't want to retire; and
- In some cases, we don't have enough skilled, trained, or experienced workers in an area of work and we need people – so they are being encouraged not to retire.

At your age “retirement” is way off in the distant future. You probably feel that life, over the next few years, holds out enough challenges that deserve your attention without thinking about retirement.

But your attitude and interest might be different if, instead of “retirement” you set a goal for your “financial independence.” Would you be interested in thinking about a “financial independence point” – and getting to where you could decide whether to work or not? That may be a more interesting goal, at this point in your life, than retirement – something to think about for your future.

And there is another thing to think about in terms of your future – and that is how long you may live.

Statistics show that if you are like most people today, you may live 20% to 30% or more of your life after you stop working. That's a lot of your lifetime. It could be 30 years – or more. With the advances that are taking place in health care and medicine, maybe the portion of your life spent in years after work will be even higher. That makes it even more important to plan ahead – and start to plan early. If you can set a goal of financial independence, and reach it – then you can be much better prepared

How About You?



Do you know people who are working well past age 65? Do you see people over age 65 working at jobs in your community? If so, do you think it is because they need to work, or does the employer need or want their services?

for those later years. In looking into your future, and thinking about financial independence, a question comes up. How much money will you need to earn from “non-work sources” of income to be “financially independent” – and be able to choose to work or not work?

To live the kind of life you want to live – without working from an income – will you need to have an annual income of \$25,000 – \$40,000 – \$60,000 – \$80,000 or more? What lifestyle are you aiming for? This will determine how much you will need to have in savings, investments, pensions, etc. to hit your financial independence goal if you would be content living on an annual income of \$25,000 a year, you won't need to build up as much if you hope to be able to get \$75,000 a year.

Discuss



How have things changed in terms of how seniors are regarded – and the role they play in our society? What has changed that is good? What has changed that isn't so good? How could things be better?

Planning for Financial Independence:

When setting a goal to attain financial independence, you might want some help. It isn't easy to reach financial independence – and it isn't easy figuring out how much income you will need.

There are a number of factors to consider, such as: how much money you'll need each year to be “financially independent;” possible income from pension plans (including the CPP); possible income from selling assets you acquire (e.g. a home); inheritance (difficult to plan for this); the rate of inflation; the savings needed each year to reach your goal; etc. Asking for advice can help you set – and reach – a goal.

For the next 15-20 years you will probably be focused on saving for things such as education, a home, a family, etc. However, try to set your sights on a time to start planning for financial independence. Don't leave it too late.

Let's say you set a target of age 40 to focus on financial independence – and you want to achieve that goal by age 60. That gives you 20 years. By age 40 you will have likely acquired some assets, equity, savings, investments, RRSPs, etc. You can see where you are, where you want to get to, and find out how much more you will need to save. Some possible outcomes from your savings and investments at that time would be:

\$5,000 a year at 4% for 20 years = \$160,000
\$8,000 a year at 4% for 20 years = \$255,000
\$10,000 a year at 4% for 20 years = \$319,000

Now, what if, over 20 years, you were able to get a higher rate of return – say 6% rather than 4%:

\$5,000 a year at 6% for 20 years = \$200,000
\$8,000 a year at 6% for 20 years = \$320,000
\$10,000 a year at 6% for 20 years = \$400,000

Now, what if you started earlier at age 35, and targeted age of 60. That would give you 25 years:

\$5,000 a year at 4% for 25 years = \$220,000
\$8,000 a year at 4% for 25 years = \$355,000
\$10,000 a year at 4% for 25 years = \$443,000

As you can see, starting earlier or getting a higher rate of return, will help you build up more savings. Set your sights on a time when you will focus on financial independence. You'll be busy with other challenges in life for the coming years. But, if you want to be financially independent and secure, don't leave it too long to start your planning.

How About You?



Without thinking about inflation, what level of income do you think you would need to make from non-work sources to be able to choose not to work?

Think About It



How might things be different for your generation when you start to reach your 60's than they are for people in their 60's today?

Let's look at some of the more common "non-working" sources of income that may allow you to reach financial independence.

Savings And Investments

Over the course of your life, you will hopefully set aside, and put to work, savings and investments. Hopefully, these will build up over time so that, in the future, they can help to provide an income for you.

As an example, suppose that from age 25 you saved and invested \$1,000 a year and that you were able to earn an average of 4% interest or return a year. At age 60, those savings would be worth almost \$80,000. As another example, if from age 30 to 65, you saved \$2,500 a year, that would end up as almost \$200,000! Starting to save and invest early will be very important to you later in life.

How About You?



Do you think you will be better off, in the future, than your parents or guardians? Or worse off? Or about the same? What factors might affect whether you are better off – or worse off – than your parents or guardians at their age?

Pensions

How does a pension plan work?

Payments from employees and the employer are pooled together. The pooled funds are invested and hopefully grow in value as a result. These are "pension funds" that are then invested and managed by professionals and professional companies. This creates a pool of money that employees will draw from as they retire and leave work with the company.

As we have noted, fewer companies are offering pensions today – but many still do. For those that do, you will likely make payments into the pension plan and the employer will likely also contribute a certain amount. The longer you work with the company, and the more payments you make into the plan, the higher will be the benefits that you can receive when you leave. If you work with a company that provides a pension plan, make sure that you become familiar with the pension program. Know your benefits, how they can change, and how you can maximize your benefits from the plan.

If you do get a company pension, it will most likely be a "defined contribution" pension rather than a "defined benefit" pension. What does that mean?

In the past, companies would often offer a "defined benefit" pension plan. That means, you were told the amount you would receive each year as pension when you retired. That is now seldom the case.

Today, if the company provides a pension, it will likely be a "defined contribution" pension. That means the company will contribute a certain amount each year to your pension. The money contributed will then have to be invested and managed. How well it is invested and managed will determine how much pension money you will receive when you retire.

Why does that matter? A defined contribution pension plan means it will be less certain how much

pension money you will have when you leave work. It also means when economic times are difficult – as in the years 2008 and those that followed – the value of pension investments can take a real hit. If they lose value, people may not be able to retire when they had hoped – or may have to live on less in retirement than they planned. It makes future income from pensions more uncertain. And how the pension money is managed becomes very important.

In the end, a defined contribution pension plan, rather than a defined benefit pension plan, makes planning for the future – and reaching a goal of financial independence – more challenging. On the other hand, many people may not receive a company pension at all.

Canada Pension Plan / Quebec Pension Plan

Throughout your working life, you will see deductions on your paycheque referred to as CPP (or QPP in Quebec), which is your Canada Pension Plan (or Quebec Pension Plan) contribution. By contributing to this, you are eligible to receive a pension from the government when you reach age 65. (At the time this book was written, the maximum benefit payable at age 65 was around \$13,000 – \$14,000 a year.) The CPP was never set up to provide a full pension for all Canadians that they could live off. It was set up to help Canadians in their retirement years and provide some financial assistance. The benefits paid can change over time and are usually increased to keep pace with the rate of inflation.

How About You?



Do you work at a job? If so, what amounts are “deducted” from your paycheque? Is there a deduction showing for “CPP?” Other deductions from paycheques can include: income tax; deductions for “employment insurance;” a company savings plan – if there is one; company pension plan – if there is one; dues payments to a union if the company’s workers are “unionized;” etc.

Other Government Benefits

Old Age Security (OAS) is also available to those who are eligible at age 65. OAS benefits are subject to a “claw back,” which means all or part of the money provided may be taken back depending on your income.

The Guaranteed Annual Income Supplement is also payable to pensioners who have little or no income other than the OAS.

Registered Retirement Savings Plans (RRSPs)

These are plans you can invest in to help save for your later “non-working” or retirement years. Money contributed to RRSPs is tax-deductible – up to certain amounts based on your income, other pension plans you have, etc. Money made from investments in an RRSP is not taxable if the money stays in the RRSP.

Money from RRSPs is taxed when the funds are taken out of the plan. The idea is that, for most people, contributions to an RRSP will be made in the years when their tax rate is highest. Then funds will be taken out of the RRSP in later years when their tax rate is lower. You can take money out of an RRSP at any time. But those funds taken out of the plan will be taxable as income.

The Sale Of Assets

Assets that you get over the course of your life may be (a) assets you will always hold on to and never sell (e.g. jewellery) or (b) assets that you may sell and turn into cash to help you earn an income from that money (e.g. a home, a cottage, a trailer, a boat, etc.) You may also make changes such as selling a large car and buying a smaller car or selling a larger home and buying a smaller home – or moving into rental housing.

Selling assets and “scaling down” in size can provide money to save and invest and generate income.



There are many excellent publications and online resources available that provide detailed information about RRSPs. Check out the web site of the Investor Education Fund. When you put money into an RRSP, try to leave it there. You can borrow money from your own RRSP to help with your education or buying a first home. But the money will need to be paid back within a certain period of time or you will have to pay taxes on it.

Inheritances

For many people, at some point in their lives they may inherit some money or some assets from others. It's not always something you want to think about or plan for – but it is something many people will receive.

Interestingly, though, people are living longer and longer these days – many into their late 80's and 90's and beyond. Some people may receive inheritances – but won't receive them until they have actually stopped working themselves. That may mean that the inheritance may not be received by the “beneficiary,” (person who received an inheritance according to a will) until he/she is 65 or older.

In addition, more and more people have to draw upon their money in their later years of life to help get the care they need. This can often use up much, if not all, of the money that might have otherwise been passed on to others as inheritance. The cost of caring for elders – especially if they need constant care, sometimes for many years – can be very expensive.

Therefore, as much as some money or assets might be inherited some day, this is a difficult source of income to include in future planning. In addition, as times and needs change, as people live longer, as the cost of “elder care” rises, people may actually

have to start planning for how they will care for aging parents more than receiving an inheritance. That is unfortunate, but, as people live longer and longer – and often in ill-health – it becomes more of a possibility.

These, then, are possible “non-work” sources of income that you may be able to get or plan for.

Although the present has lots of challenges and takes a lot of your attention, try and give some thought to your later years. You (hopefully) may live a long time. A great many of those years will be in the latter period of your life. You may not want to work. You may not be able to work. If you start planning and preparing in your 20's, you may be very glad you did when you reach your 60's, 70's, 80's, 90's, or....

Set a goal for financial independence so that you can take care of you – and your loved ones – whether you work or not. It will be an important goal to reach in life.

How About You?



Do you think an inheritance of any kind may affect you in the future?

How About You?



Many families have been affected these days by elders who are struggling in their later years with illnesses, diseases, dementia, Alzheimer's disease, and so on. Has your family been affected in this way at all? If so, was your family prepared for the situation?

Module Summary

Say What? Possible New Terms!

1. **Insurance:** protection you can buy for the risks we may face with things we own, our health, and our life.
2. **Financial independence:** having access to enough income to enjoy life without having to work if you do not wish to do so. You are not reliant on others for the money you need to live.
3. **Premiums:** the monthly amount you will pay for an insurance policy and insurance protection.
4. **General insurance:** provides protection against the loss, damage, destruction, or theft of property.
5. **Life and health insurance:** provides financial protection for the possible loss of income due to illness, disease, disability, or loss of life.
6. **Term life insurance:** temporary protection, to a certain age, to provide funds to others (your “beneficiaries”) if you should die – to help others with expenses they face – or will face. Term life insurance is paid if you die.
7. **Permanent life insurance:** permanent protection that will provide funds to others (your “beneficiaries”) when you die.
8. **Beneficiary:** the person who will receive funds paid by a life insurance policy if, or when, the policy-holder should die.
9. **Defined benefit pension plan:** a pension plan where the provider (company, government, etc.) commits to providing a certain amount of income each year when the employee retires.
10. **Defined contribution pension plan:** a pension plan where the provider commits to contributing a certain amount each year to the plan. There is no commitment to an annual payment in retirement.
11. **Old Age Security (OAS):** a government benefit provided to seniors.
12. **Guaranteed Annual Income Supplement:** a government benefit provided to seniors who are in need.
13. **Registered Retirement Savings Plan (RRSP):** a means of saving for retirement. Money deposited each year is tax deductible up to a certain maximum. Money is taxed when it is taken out of an RRSP.

Did It Stick? Can you recall ...?

1. For what kinds of risk might you want to have insurance?
2. How does “insurance” work to provide protection against risk?
3. What kinds of factors can affect the cost you will have to pay for insurance?
4. What are the different “types” of insurance and what do they cover?
5. What is the difference between “term” life insurance and “permanent” life insurance?
6. What possible “non-work” sources of income are there?
7. What is the difference between a “defined benefit” pension plan and a “defined contribution” pension plan?

Thinkabout ... or Discuss:

- What are some of the challenges that today's youth may face in their more senior and retirement years?
- What can young people do to try and lower the costs of insurance they pay?
- What kinds of insurance should young people think about and look into?
- Compare what different amounts of annual savings, at different rates of interest, would you have if saved from age 25 to 60. (e.g. \$2,000 a year at 3%; \$3,000 a year at 4%; and so on.)
- How well prepared are adult Canadians today for their retirement? What challenges are they facing? How can today's youth be better prepared?

Tips & Suggestions

- As soon as you face risk of any kind in your life, see if insurance can help reduce or eliminate the risk.
- Protect your “risk factor” so that you are not seen as a high risk and you can pay less for insurance.
- Be careful about being “over-insured” and having more insurance than you need – and paying more than you have to.
- As much as it might be a challenge – plan for your future as well as today. The future will be “today” some day.
- Plan for “financial independence” more so than retirement. Try and set a goal – what it will take to reach it – and work to get there.
- Seek advice, when you need it, on planning for retirement. It's not easy to set the right financial targets – and to figure out how to get there. Be careful of those offering advice that you will need to save more than you really have to in order to reach your retirement goal.

Tech Talk

- Check out information on insurance and pensions on the Investor Education Fund's web site.
- Check out the excellent financial calculators on the “Fiscal Agents” web site.
- Check out the web sites of “The Insurance Bureau of Canada” and “The Canadian Life and Health Insurance Association.”

