

Adhering to financial plan the surest way to meet retirement savings goals

Most Canadians list a comfortable retirement as one of their primary financial goals. However, barring extreme luck, how can this goal possibly become reality without prudent planning years in advance?

That question, posed by Keith Costello, president and CEO, Canadian Institute of Financial Planners (CIFP), sums up the concern that many financial experts – including Finance Minister Jim Flaherty – have expressed about the financial ability of Canadians to fund retirement.

“In most facets of our lives, from the mundane to matters of significance, failure to plan will generally lead to an undesired outcome,” says Mr. Costello, noting that the principle applies equally to short- and mid-term objectives such as planning for a child’s education or saving for a down payment on a home, as well as to long-term goals such as retirement.

It is possible to get back on track with the right advice, he

says. “A sound, holistic financial plan, created by a professional financial advisor, provides direction and purpose and forces discipline. It makes distant goals, which at first blush appear to be overwhelming and unattainable, systematically achievable.”

“The act of sitting down with an advisor and working through important life goals and the challenges you see ahead of you – taking a proactive, analytical approach – pays huge dividends,” agrees Kevin Dougherty, president, Sun Life Financial Canada. “Survey after survey shows the confidence individuals have in their financial situation when they have a plan and are working with an advisor they trust, versus those who don’t.”

While technology makes it seemingly easy for Canadians to invest without the benefit of advice, an essential role advisors fulfill is helping clients understand their own comfort level with levels of risk and volatility in order to make sound investment decisions.

“Most Canadians share the common goal of retiring comfort-

ably. However, the path followed by each individual to attain that goal will be very different depending on factors such as horizon, risk tolerance, financial literacy and investment experience,” says Mr. Costello.

“Where one person may be completely at ease investing in aggressive, stock-based mutual funds, another individual may only be comfortable with guaranteed investment products. The spectrum of insurance and investment products that are now available allows individuals to attain their goals without having to stray outside of their comfort level.”

Advisors can also help safeguard financial security by identifying appropriate products that offer protection against market shocks and tax inefficiency; disability and critical illness insurance can protect individuals or families from financial devastation in the event of a health crisis. “In the past, many of these health events resulted in people passing away, but today, advancements in medical sci-

essential info

Putting clients first

By Frank Swedlove, president, Canadian Life and Health Insurance Association

In 2006, insurance regulators adopted principles for managing conflicts of interest, including: the requirement for financial advisers to put the interests of insurance purchasers and prospective purchasers ahead of their own; to disclose any conflict or potential conflict of interest; and to recommend products suitable to the purchaser’s needs.

Further, all companies that join the CLHIA commit to conducting their business in accordance with the association’s Consumer Code of Ethics. These principles and guidelines provide an important standard of expected behaviour for all insurance companies, which in turn establish codes of ethics and conduct for the licensed life and health insurance agents who place business with them.

ence have made it possible for individuals to survive these threats,” says Mr. Dougherty. “The question becomes, in your efforts to do that, can you still protect your nest egg?”

Confidence isn’t the only benefit of working with an advisor and implementing a holistic financial plan, he says. “It shows up in the value of the portfolio, in financial security, over time.”

A study by the Investment Funds Institute of Canada reveals that, even among lower income Canadians, the value of advice correlates with greater financial well-being. According to the survey, released in August, households with income of \$35,000 per year or less that had a financial advisor had, on average, \$119,318 in investable assets. For households without an advisor, in the same income bracket, that figure was only \$11,227.

In their mission to help Canadians achieve financial security, advisors have access to more resources than ever before, and that is translating into measurable results, says Mr. Dougherty. “In addition to a broad suite of technical planning tools, for example, our more than 3,000 advisors across Canada have access to our financial planning services team, including lawyers and chartered accountants, who can address the most complicated planning issues.”

! “Where one person may be completely at ease investing in aggressive, stock-based mutual funds, another individual may only be comfortable with guaranteed investment products. The spectrum of insurance and investment products that are now available allows individuals to attain their goals without having to stray outside of their comfort level.” Keith Costello, president and CEO, Canadian Institute of Financial Planners

online? Visit clhia.ca for more information from Canada’s Life and Health Insurance Association. For more investing information, visit Sunlifeglobalinvestments.com.

This report was produced by RandallAnthony Communications Inc. (www.randallanthony.com) in conjunction with the advertising department of The Globe and Mail. Richard Deacon, National Business Development Manager, rdeacon@globeandmail.com.

ILLUMINATING the road ahead

THE ROAD YOU’RE ON ISN’T JUST ABOUT THE DESTINATION.

It’s also about the journey. With strong investment expertise from around the world and a solid foundation of experience, discover how our investment solutions can help you plan for your financial security today and down the road. Speak to an advisor today about Sun Life Global Investments.

Sun Life  GLOBAL Investments
sunlifeglobalinvestments.com