Posted on: February 8, 2021

Planning Ahead During Uncertain Times

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As some provinces head into a second COVID-19 lockdown, some people are asking the question: Why bother investing for the long term? For many, especially Millennials, the task of building financial wealth and security looks increasingly hopeless. Even the most prudent small business owners were caught short during the lock down in the spring and many are now facing the prospect of permanently closing their companies.

There is an old saying: **"Tough times never last, tough people do"**. When dealing with adversity because of unexpected life events, every person has the choice to either just be a victim of their circumstances or figure out how to improve their situation today, tomorrow and for the future. This has always been the decision that separated those who achieve success versus those who drift through life hoping for a miracle to save them financially. By adopting the proper mindset, you can emerge from this historical time stronger and more successful than ever before.

For starters, the basics rules of **(1) cash flow management**, **(2) emergency savings**, **(3) living on less than you make**, **(4) and having emergency food and other supplies** are all still valid ideas. It is always good to focus on basic financial strategies. Are you paying down debt? Do you have the basic life risks dealt with such as dying too soon, living too long, and getting sick before your financial plan has time to mature?

Ask the people in your life simple questions about their situation: Are you okay? Do you need anything? How can I help? When you take the focus off yourself and put it on others, you can reap the rewards of gratitude, care, and thoughtfulness.

Should you start an RRSP? Should you keep building up the one you have? The answer is yes! It is healthy to focus on long-term planning even when short-term circumstances are unpredictable. What will the world look like in 20 years? Retirees were asking themselves the same question 20 years ago. The point is to not let uncertainty stop you from acting today. Action today will help you improve your life 5 or 25 years down the road!

Is an RRSP still valuable? Yes, it is ideal for high income earning Canadians – those earning $60,000 or more annually. Tax savings generally get more attractive the higher your income. At lower income levels, the best strategy may be a TFSA contribution.

RRSPs and TFSAs are just two vehicles you can use to improve your financial picture going forward and it is important to remember the RRSP contribution deadline looming the end of February each year.

The year 2020 saw a lot of wild speculation in the stock markets. New platforms allowed investors to buy partial and fractional shares in companies - as well as more exotic investment categories. Options trading and investing hit historically high record levels – levels never seen before in history. There were many media reports of young teens trading options rather than playing in their online video gaming leagues. This kind of speculative activity usually ends badly without proper risk management strategies.

Rather than looking for the “next big thing” it is **far easier to ensure long-term financial success by**

building wealth slowly over time. Your mission, should you choose to accept it, is to buy quality assets and ignore short term price movements. The focus should be on 20 years in the future - not 20 minutes or 20 days. You can only control what you do! So, take charge of your savings and investing program.

Adopt the proper mindset for success.

Contact us today **[3]** to review your wealth building strategy. Success comes from marching into an unknown future with confidence!

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