Strategy UPDATE
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What's inside

Financial Advice for Time Travellers

There are many books and movies that explore the idea of time travel. A recurring theme is that very small changes made in the past can dramatically impact the present. Grandfather Paradox, Butterfly Effect, call it what you will. I have been thinking about this a lot lately.

I find it very interesting that we fail to consider how very small changes made now, in the present, can dramatically affect our future. We are all time travellers.

In Atomic Habits, amongst other things, James Clear challenges all of us to become 1% better every day. He posits that small, healthy changes can transform your life over time. Identify a good habit and make it slightly easier to maintain that habit. Identify a bad habit, and make it slightly less convenient to indulge. Focus on habits that align with your long term goals. It's a great read or listen.

Of course I am obligated to make this about financial planning, but this works in all facets of our lives. The best time to invest, begin exercising, eat well, or commit to increasing joy and decreasing suffering in the world is in the past. The second best time is right now. You are under no obligation to be the same person you were five minutes ago.

- Have you automated contributions to your portfolio? Making "the good habit", not just easy, but automatic.
- If you are drawing on your investments do you have a handle on your actual monthly income requirements? Clarity on actual need can lead to conversations
- Is your Emergency Fund too large or inadequate? There is a fine line between an emergency reserve and sitting on non productive assets.

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- Are you taking care of your health? A decision to eat well and exercise is hard, but so is being unhealthy and uncomfortable. Choose your hard.
- Have you insured your most valuable asset (yourself and your ability to earn)?
- Have you articulated to your advisor any changes to your long term goals? What about your stretch goals?
- Are you concentrating solely on your journey or considering your legacy? Changing your family tree forever. Philanthropy. Gifting in a structured way to people who can look you in the eye and thank you.

We love these conversations. The year is winding down and a new year is upon us. Are there small changes you can make today that will dramatically change your financial future? Could introducing a friend or family member to the PBD family change their financial future?

I wish you and yours the best of everything in 2025. Until we meet again, I challenge you to make small positive changes in your life. One random act of kindness. One good financial decision. One new good habit. Safe travels.

Sydney Mascard
Investment Advisor
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A portfolio is not a plan

If you're an investor, whether novice or more experienced—you may view your growing investment portfolios, like ETFs and maybe some individual stocks, as the be-all and end-all of your future financial success. But the reality is a portfolio is not a plan. Rather, it's just one piece of a larger puzzle — a comprehensive financial plan, one that's vital in achieving long-term financial stability and growth.

Why a financial plan?

There are three key reasons why a comprehensive financial plan is so important:

- **It offers a holistic approach:** A financial plan doesn't just focus on your investments or your retirement that's likely decades away. Rather, it encompasses all aspects of your financial life today. This can include budgeting, savings, insurance, tax planning, retirement planning, the correct accounts to fund in what order, and estate considerations. It's about understanding how these elements work together to support your overall financial health. Having this 360-view provides the most effective outcome for the clients and their families
- **It's a goal-oriented strategy:** Every individual has unique financial goals, whether it's buying a home, saving for a dream vacation or preparing for retirement. A financial plan helps tailor your investments and savings strategies to these specific goals, so that each financial decision you make moves you closer to achieving them. Often clients have financial goals that they aren't even realizing - such as the dream to buy a cottage. Working with an advisor and revisiting a financial plan often helps to probe for these tertiary goals.
- **It evolves with life changes:** Often while the end goal may stay the same clients' lives are never

static and the route there is filled with change, ups and downs. As your life evolves, so do your financial needs, goals and risk tolerance. That's why a financial plan is never static — it adapts to changes in tandem with progress in your career, your growing family or unexpected life events, so your financial strategy can stay aligned with your current situation.

Two other factors to keep in mind

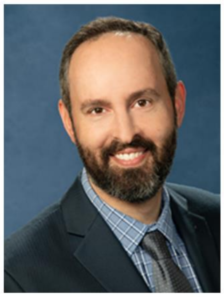
Studies consistently show that building a financial plan early, with the help of a professional financial advisor, can lead to better investment returns compared to managing your portfolio by yourself. This can be due to a variety of factors but the most notable is helping you avoid emotion-based decisions, especially during volatile markets. Advisors anchor themselves to a client's specific goals and timelines which helps everyone have their eye on the horizon, despite short term volatility. In addition, advisors offer expertise, experience and objectivity along with an ability to provide ongoing monitoring and adjustments while you're busy taking care of living life.

Finally — and you've probably heard this before! — starting to invest early, even with modest amounts, can have profound effects. For example, investing in a standard 80/20 portfolio (80% stocks and 20% bonds) with just a small initial contribution and modest additions every month can grow significantly over time thanks to the power of compounding interest. For instance, investing $1,000 to start and making regular contributions of about $50 a month over 30 years, could provide you with $100,000 around retirement time. Now, imagine bumping that up to $100 a month — the growth becomes substantially more powerful. This context is built into financial plans and helps clients to stay grounded in the "why" and what they are working towards.

Remember, a portfolio is a key component of a plan, but it's not the plan itself. By working with a financial advisor to develop a comprehensive financial plan, you can ensure that all aspects of your financial life are working in harmony. No matter how small your starting point, the journey towards worry-free financial freedom begins with a solid, comprehensive plan.

If you have questions about creating a financial plan for your future, reach out to us for a chat anytime.

The RDSP



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Lesser known than savings programs like the RRSP, RESP or TFSA, the RDSP was introduced in 2008 to help individuals with disabilities save for their long-term financial security. With tax-deferred growth, government grants and bonds and more, an RDSP can provide a significant nest egg. Below, we'll explore benefits and considerations of this tool.

What are the benefits of having an RDSP for your loved one?

- Tax-deferred growth: Contributions to an RDSP are not tax-deductible, but the earnings on the contributions grow tax-free while they remain in the plan.

- Government grants and bonds: The government offers two types of contributions:
  - Canada Disability Savings Grant (CDSG): The government matches contributions up to 300%, depending on the beneficiary's family income and the amount contributed. The maximum grant per year is $3,500, with a lifetime limit of $70,000.
  - Canada Disability Savings Bond (CDSB): Low and modest-income beneficiaries can receive up to $1,000 per year in bonds, with a lifetime limit of $20,000.
- Flexibility: Contributions to an RDSP can continue until the end of the year the beneficiary turns 59.
- Retirement and education savings rollovers: Funds from a deceased parent or grandparent's registered retirement plans can be rolled over into an RDSP tax-free. As well, accumulated income from a beneficiary's Registered Education Savings Plan (RESP) can be transferred to their RDSP under certain conditions. Both types of rollovers count toward the RDSP contribution limit (see below).

A few things to keep in mind:

- To open an RDSP, the beneficiary must be approved for the Disability Tax Credit, which has specific criteria.
- While it's possible to access funds before age 59, there are certain rules to be aware of. At age 60, the RDSP must start making payments to the beneficiary.
- There is a lifetime contribution limit of $200,000, and grant and bond eligibility ends after the beneficiary turns 49.

Is an RDSP right for your loved one? Reach out to us anytime to find out.

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