Strategy UPDATE
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What's inside

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WEALTH MANAGEMENT

Focus on what you can control: A reminder for uncertain times

With recent and upcoming elections, regional wars and the AI revolution making headlines and causing market uncertainty, it's natural to wonder how these events might affect your investments. History shows, however, that trying to time markets based on political outcomes, uncertainties or economic headlines rarely leads to better results. Instead, focus on what you actually have power over in your financial plan.

What you can control

1 **Your savings rate:** How much you set aside for the future is entirely within your control and has a direct impact on your long-term financial success.

2 **Risk management:** You can control your portfolio's risk level through your asset mix — in other words, the balance between equities and fixed income that matches your comfort level and goals.

3 **Diversification:** Spreading your investments across different asset classes, sectors and geographic regions helps manage risk and capture opportunities globally.

4 **Your investment plan:** You control when you want to retire, how much you'll need, and your overall financial roadmap.

What you can't control (and shouldn't try to)

- Daily market movements
- Election outcomes, uncertainties and their potential market impactimpact on Stock markets
- Economic cycles
- Interest rate changes
- Global events

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Historical perspective

Take the recent US presidential election and the upcoming CDN Federal election for instance. Markets have historically risen over the long term regardless of which political party holds power. Remember, to try timing the market, you need to be right twice — both when you exit and when you re-enter. Research shows that investors who simply stay invested with their (highly diversified mandate) through different political cycles fare better than those who try to time their investments based on the predicted effects of election outcomes.

The bottom line

Instead of focusing on unpredictable events, concentrate on what you can control:

- Maintain your regular savings plan
- Keep your portfolio properly diversified
- Stick to your long-term investment strategy
- Manage your emotions during market volatility

At the end of the day, successful long-term investing isn't about predicting the future — it's about having a solid, diversified plan and sticking to it through different market cycles.

Need help creating or reviewing your investment strategy? Reach out to us anytime — we're here to help.

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11 steps to managing money as a couple

Four in 10 Canadians say money issues cause stress in their relationship, with one in three younger couples reporting they've broken up with a partner over money . So, it's no surprise that many couples struggle with managing their finances together. Whether you're newly married, moving in together or just looking to improve your financial partnership, here are some key considerations to help you navigate your shared financial journey.

1. Start with open communication

The foundation of successful financial management as a couple is open and honest communication. Discuss your individual financial situations, attitudes towards money and long-term goals. This conversation will set the stage for all other financial decisions you'll make together.

2. Create a budget for joint and individual expenses

One of the first steps is preparing a budget that outlines both your joint and individual expenses. This process can help you:

- Identify shared costs like rent utilities and groceries
- Determine individual expenses, such as personal hobbies, clothing and even activities like girls/guys nights out
- Decide how to split costs fairly — based on income and other considerations this may not always mean 50/50.

Remember to review your budget annually, as income levels and lifestyle factors can change over time.

3. Set up a joint account for household expenses

Consider opening a joint account for expenses you share as a couple. This approach simplifies tracking and ensures both partners contribute to a single pool of funds for household costs. You can each transfer a predetermined amount or percentage of your income into this account based on your agreed-upon split.

4. Maintain your financial independence

While sharing expenses is important, many couples benefit from maintaining some level of financial independence. Consider keeping separate accounts for personal savings or discretionary spending. This arrangement can reduce conflicts over individual purchases and provide a sense of autonomy.

5. Discuss borrowing and debt management

If you're considering joint borrowing, like a mortgage or shared credit card, it's crucial to understand the legal implications and responsibilities. Remember that joint borrowing means, even if you're no longer a couple, you're both equally responsible for repaying the debt, regardless of who made the purchases.

6. Think about insurance

As your lives become intertwined, so do your financial risks. It's a good idea to review your insurance needs in a variety of areas, including:

- Life insurance: Consider term life insurance to protect your partner and any dependents in case of unexpected loss
- Mortgage insurance: While often offered by banks, a separate life insurance policy might provide better coverage and flexibility
- Critical illness and disability insurance: This kind of policy can provide financial security if health issues impact your ability to work.

7. Create wills and powers of attorney

It's never too early to plan for the unexpected. Both partners should have up-to-date wills and power of attorney documents. These ensure your wishes are respected and your partner can make decisions on your behalf if needed.

8. Plan for your short and long-term financial goals

Discuss and align on your financial goals as a couple. This might include:

- Building an emergency fund
- Saving for a home down payment
- Planning for retirement
- Investing in TFSAs and RRSPs.

A financial advisor can help you create a tailored investment strategy that helps you make sense of all these moving parts and aligns with your goals and risk tolerance.

9. Understand the legal Implications of your relationship

Whether you're married or in a common-law relationship, it's important to understand how your relationship status affects your finances. In Ontario, for example, couples are considered common-law after living together for three years (or earlier if they have a child together).

Common law status differs from legal marriage in several ways, including division of property, inheritance rights and the process of ending a relationship. So, it's important for common-law couples to consider creating a cohabitation agreement that outlines how assets would be divided in case of separation. Married couples might consider a prenuptial agreement. Laws differ across the country, so it's a good idea to consult with a lawyer to understand your rights and responsibilities where you live.

10. Be aware of tax implications

Living as a couple can affect your taxes. Some considerations include:

- Potential eligibility for spousal tax credits
- Ability to pool charitable donations for a larger tax credit
- Pension income splitting options for retirees.

Consult with a tax professional to make sure you're maximizing your tax benefits as a couple.

11. Regular financial check-ins

Finally, set aside time regularly — monthly or quarterly is usually best — to review your finances together. Discuss any changes in income, unexpected expenses, progress towards goals and any concerns either partner may have.

Remember, there's no one-size-fits-all approach to managing money as a couple. The key is finding a system that works for both of you, promotes transparency and aligns with your shared goals. By following these guidelines and maintaining open communication, you'll be well on your way to building a strong financial foundation together.

If you need personalized advice on managing your finances as a couple, don't hesitate to reach out to us anytime. We're here to help you navigate these important decisions and create a financial plan that supports your shared future.

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