



Financial planning for women

More than ever, Canadian women are seizing control of their wealth and taking the lead on important financial decisions for their families. They are financially independent and managing significant assets. As a result, financial planning can prove particularly beneficial to women. But exactly what is financial planning?

Think of it as a roadmap for your future that balances your short- and long-term goals. Some of these goals may include a major asset purchase, saving for maternity leave or a child's education, planning for retirement, leaving a legacy or ensuring your wealth is preserved for future generations. Financial planning provides you with a strategic understanding of the steps required to achieve peace of mind and greater certainty about your future. Your plan can be as simple or complex as necessary to address your unique circumstances.

Here are some of the most common areas where a financial plan can add significant value:

CREATE THE CASH FLOW YOU NEED

In your working years, your expenses or cash outflows tend to be somewhat aligned with your income level. When you retire, you want your resources to support you for the rest of your life. Building this plan can be tricky, especially for women. From living longer to often being the primary caregiver in their household, women face unique income planning considerations. A financial plan can help ensure your cash inflows and outflows are correctly matched to meet your lifetime needs and goals.

BUILD AN EFFECTIVE TAX PLAN

Having a proper tax plan can significantly boost your assets and your overall wealth. A financial plan will include different strategies to discuss with your tax advisor that can reduce or defer the amount of tax you owe. It will also offer you a range of options designed to deliver a regular stream of tax-efficient retirement income.

CHOOSE THE RIGHT PENSION OPTION

It can be difficult deciding whether to take the commuted value of your pension in a lump sum or receive a monthly pension payment. The right answer for you will depend on several factors, including your risk tolerance, estate considerations, survivor benefits and your dependency on pension income. A financial plan will help you understand the potential benefits and drawbacks of available options, and guide you through the process.

DIVERSIFY TO HELP MANAGE RISK

All investing includes some level of risk. Diversification, which involves spreading your wealth across a range of different investments, is a proven and effective way to manage that risk. A diverse portfolio of investments is designed to help you achieve smoother, more consistent investment returns over time while avoiding the pitfalls of trying to time the market. A financial plan will provide you with an analysis of your investment portfolio so you can make appropriate decisions about risks and returns to suit your financial and lifestyle objectives.

GAIN SECURITY AND PEACE OF MIND

Having worked hard to build a solid financial footing for you and your family, you want to be sure that everyone is protected. A financial plan will provide an appropriate analysis of the risks associated with your financial affairs.

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Today, insurance has evolved to meet a broad spectrum of needs and should play a critical role in the risk management of your life and finances. A financial plan will help you make informed decisions about the different types of insurance coverage available to you, including life, disability and critical illness. In addition, using insurance in estate planning can provide a tax-efficient way to transfer your wealth to the next generation.

PLAN FOR THE UNEXPECTED

For some people, estate planning is difficult to think about, let alone engage in. While we may understand the importance of putting our finances and legal affairs in order for the benefit of our heirs, few of us make the time to do so. Everyone will have an estate to pass on, and we want our beneficiaries – be they family or a favourite charity—to receive their inheritance according to our wishes.

TRANSITION YOUR BUSINESS SMOOTHLY

It's not uncommon for business owners to wait until they are near retirement to start making succession plans, but there can be substantial savings when you plan further ahead.

Leaving succession plans to chance could allow someone else to decide what happens to your business and potentially drive costs higher. Not only can early succession planning help reduce the tax impact of ownership changes, but it will also ensure a smooth transition of the business to the new owner(s) in a manner that you determine. A successful plan may also help boost the overall value of your business today.

DEVELOP A GIFTING STRATEGY

Many women believe in supporting charities, but these gifts are not always factored into their financial plans or in their Wills. For instance, your estate may receive a tax benefit upon your death if specific bequests have been made to charities. This benefit may help reduce any taxes payable upon your passing while advancing your charitable giving goal. Furthermore, there is the added satisfaction of donating to causes that are meaningful to you. Many charitable organizations today, including post-secondary institutions, allow you to set up endowed bursaries in your memory, which can continue in perpetuity. Proper gift planning can ensure that you are making the best use of your resources over your lifetime and help you leave a lasting, impactful legacy.

USE A PROFESSIONAL FINANCIAL PLANNER

As the financial world becomes increasingly complex, it is now more difficult and time-consuming to put your finances in order. While women are more than up to the task, most are time-crunched and focused on other priorities besides their finances. Financial planners offer a broad and extensive skill set that can help women enhance their financial well-being. Creating a financial plan requires specialized knowledge and experience in many different areas. Implementing such a comprehensive plan takes effort and perseverance, but is ultimately worth it.

With the support of our professional financial planners, you have the opportunity to achieve your financial goals faster and easier than you would on your own. Contact a Scotiabank Financial Planner today to learn more.



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