

Planning your Investments systematically and sensibly

In today's financial world, the ever-expanding variety of investment products available, combined with the technological sophistication to execute orders and retrieve information -- often within seconds -- has made investing relatively easy. However, investing **wisely** is anything but. Investment opportunities have multiplied, but so has the time required to research them adequately. As a result, many investors may end up with an unfocused approach to investing.

Many people know in a general way what they want to accomplish through investing: send children to college or university, provide for retirement, or increase current income. But knowing what your financial objectives are is not helpful unless you can quantify them. For example, you might want to accumulate \$50,000 for a university education by 2010, retire on \$5,000 per month in 10 years or increase current investment income from \$750 to \$1,000 per month. Without these types of numerical goals, you won't be able to sort through the investment choices or measure your progress.


However, quantifying your goals is not simply a matter of wishful thinking. The numbers must be realistic, which means you need to have a fairly good idea of your financial resources as well as your attitude towards risk. Only then can you decide on realistic goals. For one family, the goal of amassing \$50,000 for a university education by 2010 might be entirely achievable, while another family with fewer assets, less current income or a lower tolerance for risk, a figure of \$30,000 might be more reasonable.

You may think you know what your present financial position is, but many people turn out to have only the vaguest idea. The best starting point is to determine your family's net worth. Though that's a term that confuses many people, the process of figuring it out is quite simple. First add up all your assets, including the value of your home; cash assets, like chequing, savings and money-market accounts; other investments, such as stocks, bonds and mutual funds; and the present value of your pension or profit-sharing plan. Then subtract your liabilities -- mortgage, loans and other debts, including such obligations as alimony and child support. The result is your net worth.

Even if you calculate your net worth yourself, you may need the help of an expert to determine how much you can regularly invest and in what specific investments. You may go to a professional money manager if you have substantial capital to invest, or to an independent financial planner (who may charge from several hundred for a detailed plan) or to a bank, insurance company or brokerage firm, which will charge less. ScotiaMcLeod provides investment planning assistance at no charge and continuing guidance by your own advisor.

Investment planning programs, such as the Personal Investment Review, ask you to provide detailed financial information, which is then analyzed by investment specialists, who alert you to possible problems -- and potential opportunities. This analysis takes into account your current and prospective income, spending patterns, insurance requirements, and retirement and estate planning considerations.





Moreover, with ever-changing tax laws, investments that, at one time, were appropriate from a tax-saving viewpoint have to be constantly reviewed to see if they will still make sense under new legislation. However you determine your financial plan, it is important to realistically assess your financial resources and apply them, systematically and sensibly, to your investment goals.

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