

# THE CLOCK IS TICKING

BY ROBERT M. GIGNAC

I was having dinner in a Chinese restaurant this week and when I cracked open my fortune cookie after the meal it read: “Have you prepared for your worry free retirement with more money than you’ll need?” Ok, it didn’t actually say that, it said something more like: “May you live in interesting times!”

When it comes to personal finance there is no doubt that we are living in interesting times. Mortgage subprime, global credit crisis, recession, whispered words about potential depression, and you cannot possibly pick up a daily newspaper without the headlines screaming the words “Stocks Crash”, “Markets Plummet”, “Financial Free Fall”, or “Economic Armageddon”.

**Turbulent Times**—These are currently turbulent economic times and a difficult period of time to be an investor, but it’s also a time that should make us re-examine our personal financial plans. The problem for many of us who run our own businesses is that we spend so much time focused on the business that we sometimes overlook the personal side of our own finances.

Are your personal investments worth less today than they were in January 2008? It will be the rare reader of this article who can answer that question with a “no”. Are you down 20%, 35%, perhaps 50%? Given that we are all feeling some pain as we opened our year-end RRSP or investment statements, the biggest question we face is best phrased in Latin—“Quo Vadis”. The phrase means, “where are you going?” and it is a good question to ask in times of turmoil.

Are you aware that current estimates are that less than 40% of all Boomers (which encompasses a great many readers of this article) currently use a financial advisor? I find that fact interesting as many of these same Boomers might have a personal trainer at the gym, use a coach to help them with their swing on the golf course, or see the value in providing tutors for their high school or university age children. What stops people from seeking guidance with their financial future?

**Emotions Rule**—Money is still a very emotional issue for many Canadians. My work in speaking to financial advisors across Canada as well as clients of the financial services industry confirms this. At a personal level we all feel that we should be doing better, we compare ourselves to others, which is self-defeating (and always leaves us feeling as though we are lacking somehow), and many of us feel inadequate about our financial knowledge. In many cases we feel a bit embarrassed, that given our expertise in other areas of our lives that our personal finances might be in disarray.

We need to understand that our personal financial

future includes much more than just money in terms of bank accounts or mutual funds. Our use of credit, insurance, wills, personal financial plans, the new Tax Free Saving Accounts that come into effect this month, power of attorney for both personal care and finance, all of these pieces are part of having a comprehensive financial plan for our future for ourselves at a personal level and for our families at a larger level.

**Cost Concerns**—Given the potential complexity involved in combining all of these different aspects of personal finance, how is it that close to 60% of Canadian baby boomers do not see the need to consult a financial advisor? Often when Canadians are surveyed about their ambivalence to using financial professionals it comes down to cost.

Financial professionals can earn compensation from fees billed to you or from commissions from products sold to you. Some feel there is an advantage to ‘fee only’ because there is no pressure to sell you anything. Fees can range from an hourly rate for work done, a flat fee to create an individual financial plan, or a fee based on the percentage of assets managed. Fee-only planners may not have any direct motivation (i.e.: commissions) to help you implement the plan. Having a plan and not implementing it is equivalent to having no plan at all. Only focusing on cost or commissions, rather than value may lead you to short-change yourself. A more important measure should be how your plan functions and whether or not you are achieving the benefits/results you set out to achieve.

Hiring a financial advisor can be a scary thought for many people. In order to build a complete and comprehensive plan, an advisor has to become familiar with your entire financial situation. You have to be comfortable and willing to share personal information with them. They have to understand your dreams and goals. Discussing that much personal information with a ‘stranger’ can be scary. Don’t be intimidated. Financial professionals aren’t there to pass judgment, and they can help you attain the goals you want for yourself and your family. Keep in mind they don’t do it for you. You are responsible for your part in the planning process; nobody will care more about your money than you will.

Are we living in “interesting times”? Absolutely. But these tough times won’t last forever and your financial future awaits—the clock is ticking. **E**

*Robert Gignac is the owner of Taynac & Associates (now in year five of a two year assignment in Switzerland), providing keynote presentations, seminars, and workshops on personal financial development and motivation. He is the co-author of the Canadian best seller “Rich is a State of Mind” now in its 5th printing. Sample chapter and reviews at: [www.richisastateofmind.com](http://www.richisastateofmind.com). To book Robert to speak at your next corporate or organization event, please contact him at: [rgignac@taynac.com](mailto:rgignac@taynac.com) or [www.taynac.com](http://www.taynac.com)*