

5 SIMPLE STEPS TO CREATE THE FINANCIAL INDEPENDENCE YOU DESERVE

**START LIVING A LIFE FREE FROM
FINANCIAL WORRY**



ISAAC MUSIAL

INTRODUCTION

A Personal Message from Isaac Musial

Dear Reader,

Quite a number of people are familiar with the term **financial security**, but how many are actually financially secure?

Although Canadians today have taken big leaps forward in terms of earning more money and controlling more wealth than in previous generations, many still hold onto a sense of financial insecurity. Many factors have led to lost sleep for many Canadians, chief among them are high divorce rates, longer life expectancies, high household debt levels and increasing health care costs.

This guide is for all of the determined people out there who insist on living a life of financial independence, safe and secure from the sinking feelings of financial insecurity. It is also for you if you wish to have the means to confidently support you and your loved ones.

Maybe you desire a life of travel, leisure activities or volunteerism. Amazing possibilities can be a reality when you work towards a life of financial security.

Congratulate yourself for taking action and starting your journey to financial security today! Happy Reading.

Isaac Musial

GROWING CONCERNS FOR CANADIANS

Financial security has been a growing concern for Canadians of all walks of life; from the working class to the elderly and millennial generations. It is important and influences an individual's health and total wellbeing. To help understand the storyline, you don't have to look very far. Average debt-to-income ratios have reached astounding levels in Canada. According to a Statistics Canada report released in December 2016, Canadians owed \$1.67 in credit market debt – between mortgages, other loans and credit card debt for every dollar of disposable income. To understand the gravity of this, these rates are at historic levels in Canada, overshadowing the average levels of debt taken on by American citizens that led to the global financial crisis in 2008.

In recent years, it appears as though Canadians have grown a false sense of financial security and become complacent. Canada was heralded as a shining example to the world for the great job that we did in managing our way through a truly challenging global financial environment back in 2008. As a nation, I believe the news headlines went to our heads. Canadians seemed to feel a greater sense of wellbeing and immunity to some of the financial risks that were being exposed in other developed nations such as in the United States, Greece, Italy and Spain.

Meanwhile, interest rates in Canada remained at historically low levels as they have for years. Many people bought bigger homes, newer TVs, faster cars, went on expensive vacations, you get the idea. With cheap credit, Canadians borrowed more and as a nation Canada stands out as one of the most indebted developed nations in the world.

Early in 2017, many major news outlets including the CBC, Financial Post and the Globe and Mail broke the story that Moody's, a major credit rating agency, had downgraded the credit rating of Canada's 6 largest banks. Further, many of these same Canadian banks sounded the alarms over what they consider "unsustainable housing prices" in Canada. Many have pointed to the extreme possibility of a major housing correction. The Bank of Canada has further highlighted some startling financial vulnerabilities that they warned could prove damaging to Canadian households.



Canadians are at great risk today from ensuring their long-term financial security. Many are starting to realize this truth, expressing greater fear about feeling financially secure than ever. When you consider the high levels of household debt, the low interest rate environment that we're in, as well as imbalances in the housing market across the country, you've got yourself a pretty toxic financial cocktail.

For some Canadians, instead of taking control of their own financial wellbeing, their wealth plan has been an inheritance from a family member. But many fail to consider the fact that financial wealth through intergenerational transfers are unlikely to be sustainable in the long term due to various factors such as growing health care costs and longer life expectancies. These contexts show that Canadians need to become personally involved in their own financial well-being and take a functional responsibility in developing strategies to assure financial security. In light of these realities, everyone needs to be thoughtful and strategic about preparing for their financial future.

Now on a positive note, a recent Credit Suisse report (2016) still ranks Canada as one of the world's wealthiest nations, maintaining our rank among the top 10 nations in the world. This is great news: We definitely have the means necessary to live financially abundant and secure lives. However, I would suggest that for some, we need to be more mindful about what we do with the money we have.

So in spite of the current state of our nation, many **Canadians are feeling less and less secure with their finances** or “not on track” for retirement because:

- As a nation, Canadians have taken on too much debt without a proper debt reduction plan or a plan in the event of a higher interest rate environment.
- Today, Canadians have longer life expectancies than in previous generations and therefore require more financial assets to provide for their needs later in life.
- Company or workplace pensions are now becoming a thing of the past as many companies are opting not to offer a sponsored pension to their employees.
- Health care costs are becoming an increasing concern as is the access to proper health care given our population demographics and an aging baby boomer generation.
- The quest for an earlier retirement age for some Canadians typically means reduced pensions which might cause lower savings and cause financial insecurity. Making the right financial choices based on the facts is one of the significant decisions an individual can make for their retirement. In addition, having sufficient retirement savings is key to a hitch free life after retirement.

Step 1 - Establishing A Financial Roadmap



First, to establish a financial road map, you need to evaluate your current financial status. As the saying goes, “you can’t know where you’re going until you know just where you’ve been”. One sure way to do this is to start by listing your assets and liabilities. This is the single greatest indicator of your financial health at a given point in time.

Sounds complicated? Not really. You don't have to be a financial wizard or an accounting genius to complete this short little exercise. All you need is a pen, piece of paper and a dose of honesty about what you have.

Now remember high school accounting, divide the paper into two columns: the first part should be titled Assets and the second, Liabilities. Under the assets section, list down all the assets that you have, the cash you have in the bank (savings account, chequing account & fixed or one-time deposits), properties (house, land, paintings, jewelry and even other expensive artifacts) and investments (shares, mutual funds and any other investment funds). In the liabilities sections, tally your debts (housing, car, business loans), credit card debts and other payables. Make sure you’re completely honest with yourself. This is an important first step to establishing your financial roadmap.

After filling up the two sections, subtract your liabilities from your assets. If the answer turns out positive, this means that you own more than you owe which by itself is a good sign. And if the result is negative, it means that you have a negative net worth and you potentially have some financial restructuring to work on.



However, be cautious to simply translate this information to meaning that you have a strong or weak financial balance sheet. There are several factors in your life such as age & stage, desired goals, debt obligations and the list can go on that are relevant to your unique situation. This is where the help of a good financial coach can come into play to help you make sense of this information.

Regardless of the result you get, it is important to know where you stand today before you can begin to build your roadmap towards a life of financial security. It's important to have a roadmap because of the following reasons.

- To achieve the profound goals of financial security faster
- To ensure long term financial stability
- To deal with life's setbacks

From here, the process towards creating your unique financial roadmap includes listing your financial priorities on a sheet of paper. For some, these priorities can include:

- Saving for a child's/grandchild's education
- Giving to charity
- Saving for retirement
- Saving for travel
- Health care requirements/health insurance
- Legacy planning
- Learning a new skill, hobby or starting a business

Now that you've established your priorities, it's a matter of breaking each item down and establishing small, achievable steps towards completing each goal. This process towards creating your unique financial roadmap is one that will leave you feeling a sense of control and empowerment. When you start to realize that attaining your goals starts with the simple process of developing a plan, you've begun to understand what your unique "recipe of success" is towards a life of financial security.

Step 2 - Creating An Emergency Fund

An Emergency fund is an important step to achieving financial security. Many Canadians don't have an emergency fund. The good news is that you can start your emergency fund immediately. And the best part is that, the method to create one is very easy.



The first step to creating this fund is to determine how much money you can afford to put aside and save on a regular basis. To do this, you will need to figure out what you spend your money on. The closer and more precisely you can account for every cent that you spend, the better off you'll be.

I'd suggest that you keep a daily journal for about a month. Write down every penny that you spend. This will be an important tool in determining where you are currently spending money and where you can save. Because you never know when an emergency may come up so I stress the need for an emergency fund.

Step 3 - Understanding Risk Factors

There are many risks we must take into consideration. Even crossing the road is a risk. Fortunately, we can understand and control that risk. You look both ways before crossing the street right? The same holds true for achieving financial security. Your financial freedom is closely tied to how much risk you take on as it usually determines how much reward you will garner from your investments. Typical risk factors include;

- Longevity risk (outliving your money)
- The risk of not saving enough for retirement
- Health needs – risks associated with falling ill/sick and requiring financial assets to help fund health needs.
- Job security – the risk of losing a job (income)

- Financial risk – Exposing yourself to undue amounts of financial risk that could expose you to permanently losing your money
- Health care requirements/health insurance

So carefully evaluating the risk factors that are unique to your set of personal circumstances and taking them into consideration are critical to ensuring you are prepared to withstand any of the challenges that lie on the road ahead. Similarly, when you're preparing to go on vacation, you would normally book your hotel in advance to ensure you have suitable accommodations. You likely also book a plane ticket, rental car or otherwise to ensure you have secured the means to get where you are going. And you likely also buy travel insurance to protect yourself from any health concerns while away. Handling your finances requires the same level of risk assessment – how do I take any adverse financial outcomes into consideration to ensure I can weather a financial disaster should it happen?

Because let's face it, things do happen.

Step 4 - Investing in Tomorrow

In a time when we see more and more freezing of pension benefits by major companies, less and less retirement programs offered by average firms and the financial inability to provide these benefits by small firms, the average Canadian must secure their future by investing in tomorrow.



Building wealth, security and financial freedom is more important today than it has ever been. John M Richardson Jr. said, "*When it comes to future, there are three kinds of people: those who let it happen, those who make it happen, and those who*

wonder what happened." My question to you now is that which category do you want to be in? I'm sure you want to be among those who make it happen. For tomorrow belongs to the people who prepare for it today, so start now.

It's not too late to start investing for the future. Perhaps your life is smooth and seems perfect now. However, it's very important to remember that life is also full of unexpected turns and twists. What seems complete and done may not seem so tomorrow. It is always for the best interest one invest in tomorrow by choosing the right investments, real estate, retirement plans, and many other schemes to make your future financially secure.

Step 5 - Creating a Legacy

When we talk about "creating a legacy," many people shun away from this idea, avoiding it at all cost. They've been told that legacies belong to the rich and famous, but I believe otherwise. To many, creating a legacy means to leave behind money, assets or an estate, etc. to a loved one, other family or a charity after you have died. Though, this is very true, these material things can easily be lost if you didn't leave the right legacy for your kids to learn from.

I mean you have to create a legacy that's far greater than material things for my children, let your legacy be a true reflection of how you lived your life. Legacy begins with teaching your kids how to be financially smart so that they can live a more financially fulfilled and rewarding life than yours. Let them know how to dream and how to make those financial dreams a reality. We all dream, but only a few people understand how to take action and make their dreams a reality.

Financial planning is critical. A robust planning process is an efficient way to developing a financially secure plan. Planning for retirement is a task for everybody. The earlier one starts, the longer they will have to accrue financial resources and take advantage of the power of compound interest.

Having enough money for the future is a certainty everyone craves intentionally or otherwise. According to Cyan (2014), "The goal is to use money wisely—as a tool—and to attain financial security."

IN CONCLUSION

Every day I meet with people. In fact, this is by far the best part of my job – the ability to provide help and guidance on some of life’s most intimate and personal issues that people face on a daily basis. And I’ve been able to see first-hand the struggle that many people face to try and gain a sense of financial security or independence in their lives.

Here’s how you can create the financial independence you deserve in 5 simple steps:

Step 1 – Establish a Financial Roadmap

Step 2 – Create an Emergency Fund

Step 3 – Understand Risk Factors

Step 4 – Invest in Tomorrow

Step 5 – Create a Legacy

Many people think that financial security and independence is impossible to obtain. However, you’ve just learned a step by step process that can help bring a measure of peace, security and independence to your financial life.

Don’t forget...

Life is a journey. Your road to financial independence will be one of twists, bends and forks in the road. Every now and again, you will find yourself wandering in a direction that doesn’t quite feel right, safe or comfortable. Eventually, you are guided back down the path you always intended to be on. Don’t lose sight of the big picture, financial security and independence is for those who choose to have it and are willing to take action.

Take Action Today

Are you action oriented and ready to take control of your financial future but not sure how to take the steps to get there? I'd love to chat with you to see how else I can further help you.

For a FREE Financial Independence Assessment (phone or in person) click [here](#) to book your consultation with me today.



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