

Hurononia financial forum

Financial planning - your key to an improved lifestyle

by: Cheryl Pritchard

Financial planning. It's a term you hear a lot these days. After all, almost everyone wants to improve their lifestyle. And the way to do that is through financial growth.

But growing financially isn't always easy. Inflation and day-to-day living sometimes make it difficult to put money into savings and investments.

It is possible to achieve that lifestyle you've always wanted, however, through a sound financial planning philosophy. There are four options to consider in the planning process:

Ready Cash

Having enough cash in a deposit account is crucial. You should have a minimum of at least three months income to provide for current expenses and minor emergencies.

Protection of your earnings

Insurance is the next thing you'll want to consider in your planning philosophy. No one can predict sickness, disability or death, and you want to be sure that you have enough insurance to pay the costs associated with dying, and replace two thirds of the pre-death income.

Guaranteed investments

For major emergencies, you

need to have a more substantial amount of money available in annuities or fixed dollar investments. This money can also be used for special opportunities, in case of disability, or as retirement income.

Equity investments

To finish off and balance your investment portfolio, you should look into equity investments such as home ownership, common stocks, and other variable dollar investments.

You should prioritize these four options according to your individual lifestyle and financial requirements. You may wish to concentrate more on some aspect than others but by using these steps as a framework, sound financial planning can be achieved.

Give priority to establishing an acceptable minimum of economic security for your family members to ensure that you are protecting them adequately. Afterwards, you can move into investments (including equities) in order to achieve a balance that's right for you.

Don't get discouraged if you make a mistake somewhere along the line. Many couples have passed up a great deal on a home only

to see it double in value in two years. Financial success will occur only with time and discipline.

To avoid these mistakes, take your financial planning philosophy and set some financial goals. Do you want a new boat, or do you want to be able to send your children to college or university?

Many people don't know how to handle their investments in order to reach their goals. Start by deciding what you want your money to do and how much you need to do it. Then figure out how much you need to set aside each week or month, and where you are going to put it.

Procrastination is one of the biggest hindrances to financial growth. It's easy to say, 'I'll put the money aside next year', and then find that 20 years have passed. You will miss out on a lot of good investment opportunities.

To most people, cash is very important. They want to be able to have it on hand any time they need it. Fear of the unknown keeps many investors from moving their money from one safe investment, like a savings account, to other higher-yielding investments which are equally as safe.

Investors need to keep an open mind to new opportunities. Some people are so preoccupied with making tax-exempt or sheltered investments that they often miss much more lucrative, taxable investments. Look for good sound economic potential in an investment before weighing the tax benefits.

When you're looking for advice on an investment, go to an expert. A financial planner, broker, banker, attorney or accountant will know all the options while an amateur can do more harm to your financial portfolio than good.

Now that you've set your goals and you know where you are going to put your money, make sure you keep careful records of all information pertaining to your bank accounts, investments, and financial advisors. These records should list names, amounts, money market funds, life insurance policies, and should be kept in your safe-deposit boxes along with you tax records, credit card information, wills, and deeds.

Keeping this information is not only a wise precaution in case anything happens to you, but it is always a constant reminder of your current financial position.

By remembering the four aspects of a sound financial planning philosophy — cash in accounts, insurance, fixed investments, and equity investments — and by setting goals, you will be well on your way to increased financial growth.

Don't let this be the story of your life

Age 21 - 30

I can't save now. I'm young. There's plenty of time. I'll wait until I start making little more. Then, I'll save.

Age 31 - 45

I can't save now. I've got a growing family on my hands. It takes all I earn to keep them going. As soon as they are a little older, it'll cost less. Then I'll save.

Age 46 - 55

I can't save now. I have two children in college. It's all I can do to pay their expenses. I can't save a penny. Wait until they're out of college and on their own. Then, I can "salt it away".

Age 56 - 65

I can't save now. I know I should, but things aren't going the way they should. It's not easy for someone my age to step out and get a better job. Maybe something will break later.

Age 66

I can't save now. We're living with my son and his wife. My pension cheque doesn't go far. I wish I had started saving years ago.

Budgeting for children

by Filomena Tamburri

Many of the attitudes about money that you carry with you through your adult life were developed in childhood. If you want your children to emulate your success, or avoid your mistakes, start teaching them early about the pleasures and responsibilities of managing money.

Handling money is a skill that must be learned. The most important lesson is budgeting. Give your child a weekly allowance, pay him or her for the chores performed around the house or suggest a part-time job like a paper route or baby-sitting duties.

Once the priorities have been set, the next step is to help your child establish a savings goal. If he or she wants a new toy in six months, establish the amount that must be put aside each week in order to have enough money for the purchase.

Lastly, subtract the amount devoted to the savings goal from your child's total weekly "income." The amount that is left over, the child can spend freely.

Opening a savings account should be the follow-up step to this process.

A savings account will also ensure that the money is out of easy reach, Piggy banks can be easily smashed.

One final tip. What to do when mistakes are made and savings goals aren't met? Like everyone

else, a child will learn from mistakes. Above all, when this happens be understanding and help your child get back on his or her financial track.

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Bob Price, District Manager of The Co-operators, Canada's largest all lines insurance company with service offices throughout this area, is pleased to announce the transfer of sales representative Harry Huizinga, from Brampton to Midland. Harry, his wife Emmie and their two sons are no strangers to the Midland area having spent many vacations with other family members already residing in Midland. After a successful sales career with The Co-operators in the Brampton area, Harry is able to look after the life, home, auto, farm, and business insurance needs of everyone. Mr. Huizinga is working from the Midland office of The Co-operators.

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