Connect

Spring 2021

Knowledge is Power

You may have noticed my Life Balance symbol on this newsletter and some of you know I have this symbol tattooed on my calf! It is a constant reminder that we all need balance in our lives. Each flame represents a priority in my life and one of them is Education.

As part of my balanced lifestyle, I continue to challenge my brain and grow my expertise so that I can better serve the diverse needs of the families we care for at YourStyle Financial. I am honoured and proud to share that I recently completed my Real Wealth Management designation (RWM). The RWM process takes a holistic approach to planning in four key areas: **Accumulation, Growth, Preservation and Transition.** The main objective is **sustainable family wealth** after Taxes, Inflation and Fee's.

I look forward to sharing the insights I have learned with you and your family!

Knowledge is Power

Til next time....

Doug Buss, ***President***
CFP, CLU, CPCA, CEA, RWM

Pandemic motivates young Canadians to focus on finances

Millennials and gen Z are now more concerned about saving than older generations, according to a Sun Life survey.

The pandemic has led to an increased focus on planning and saving, particularly for young people.

According to a survey from Sun Life Financial Inc., 80% of millennials (aged 24–39) and 89% of gen-Z respondents (aged 18–23) now want to protect their financial future more than ever as a direct result of Covid-19.

That compared with only 61% of gen-X respondents (aged 40–55) and 55% of baby boomers (aged 56 and older).

The pandemic has "highlighted the importance of preparing for the unexpected," said Doug Buss.

Generally, the feeling of wanting to save for the future is more prevalent with older generations. Due to the pandemic, we're seeing a shift in priorities.

While youngsters may be keen on saving, their enthusiasm comes with a hitch: they're short on cash.

Sixty per cent of millennials and 74% of gen-Z respondents said they have lost income or employment because of the pandemic, which has made saving for the future more difficult.

"Many young Canadians have been directly impacted by job loss and business closures throughout the pandemic," said a release from Sun Life. "Those who have not been directly affected continue to fear the possibility of loss of income."

Developing a realistic budget for beginners

If you're just starting your career or living on your own for the first time, you know the learning curve is steep. Here's how to budget for beginners.

How is it that you got through so many years of school and still don't understand how borrowing money works? Taxes? Forget it. Where was the intro to budgeting class?

Some people just seem to get it. They pay their bills without a sweat, they rarely accidentally spend too much on a night out, and when they think of their finances, they don't feel panic or confusion.

Whether these people infuriate or inspire you, chances are you want to be where they are. So let's start where they probably did: a rock-solid budget. Here's how to build one of your own.

Include one-off items in your budget

When you're thinking about how to make a budget that covers what you spend every month, it makes sense to start with the costs that come, well, every month. Expenses like rent, student loan payments, and your cell phone bill probably don't change much from month to month.

Significant one-off expenses are a little harder to plan for, but your budget won't be complete without them. Here are a few of the costs that beginners tend to forget to factor into their budgets:

- Veterinary bills
- Holiday spending
- Car repairs
- Vacations
- Health and personal care

When setting up your budget, consider your big purchases over the past year. Are there things that caught you by surprise and left you scrambling? Write them down and estimate how much they cost. Then divide by 12 and add that number to your monthly budget.

Don't forget YOLO expenses

Factoring in one-off costs is half the battle, but not every blown budget is the victim of big-ticket items. Frequent unplanned fun expenses like impromptu dinners with friends or a $50 birthday gift can be just as destructive.

These items may seem inconsequential one by one, but ignore them and you'll constantly be playing catch-up with your money. Instead, add an extra $50 or so per month to your budget to cover YOLO expenses.

Start a slush fund

Now that you've factored unplanned costs into your budget, where should you put that money? Answer: your slush fund.

Your slush fund should be a savings account, preferably a no-fee, high-interest account that's easily accessible. Your slush fund is a rolling account, which means that if there's a month when you don't have a one-off or YOLO expense, that money carries over to the next month. Your slush fund is there for you when you need to take a friend out for drinks to celebrate a promotion or frantically pay your car registration after you forgot it was due.

Remember why you're budgeting

Once you've got a budget that factors in your regular bills and unexpected one-off expenses, it's time to focus on the ultimate purpose of your budget — to improve your finances by setting aside money to pay off debt and save. If you've got your monthly spending under control, everything left over should go toward savings or debt repayment.

To start, ask yourself what your financial goals are, and then make space in your budget to reach them. If your savings are nothing more than a pipe dream right now, your first step should be to establish a mini emergency fund. Aim to start with a fund of $1,500 to $2,500. After your mini emergency fund is in place, you can start pouring more of your money into tackling your debt, saving for a house, or reaching any other financial goals you have.

Track your spending

It's not enough to set a budget at the beginning of the month and hope you don't blow it. You need to track yourself to ensure you aren't overspending in various categories.

There are a few ways to do this. The traditional method is to write everything down on paper or use a spreadsheet. This may work, but it's tedious. If manually tracking every purchase sounds like a big enough pain that you won't keep it up, you can choose from the many apps - such as Mint or YNAB- that let you set a budget and automatically import your transactions from your bank and credit cards to help you stay on track.

Budgeting is an essential aspect of good financial management, but many Canadians struggle with it because they don't design a budget that's realistic. A good budget for beginners goes beyond recurring bills, to include both unexpected expenses and long-term goals. Keep those variables in mind and before long you'll be the one doing the infuriating or inspiring.

Ready to start budgeting?

Cashflow Corner from Sean McDermid

The importance of talking to your children about money

Most of us teach our children life skills as they're growing up. When they're young, we show them how to tie their shoes, ride a bike, floss their teeth. As they get older, we teach them how to manage conflict, negotiate friendships and engage in critical thinking about the events of the day.

But one area where we need to do better, not just individually but as a society, is teaching them financial literacy. COVID-19 restrictions and family downtime may offer a perfect setting to take as little as an hour a week to talk to your children about saving, spending and sharing money.

It's never been more important to talk about money with our children. Dramatic technological transformations in the economy, including the nature of work, will affect savings and retirement for our kids when they become working adults. Easy access to credit also means our children may be walking into financial minefields as they enter adulthood in a consumer-centric world. Our job as parents is to provide them with a strong understanding of their personal finances in order to help them make smart decisions about their money and set them up for success.

'Absolute necessity'

Financial Literacy is an absolute necessity in today's world. and should be regarded as an essential part of our children's education. Don't worry too much about providing cold hard figures, like how much you make in a year — but do talk about spending, saving, budgeting, and about giving, including charitable donations. Sharing isn't often emphasized when it comes to managing money, but it should be because it teaches children that there are many who aren't as fortunate as they are and that money can be used for something other than purchasing goods for themselves.

TIPS for talking about money

YourStyle Financial offers some tips for opening the lines of communication with your children about money.

1. **Start slowly.** That means no long lectures, but instead encourage your children to ask you questions about money and how you manage it. They'll soon understand that you're open to talking about a subject that's too often regarded as off-limits in many families.
2. **Talk to younger kids about saving.** With younger children, opening the conversation can be as simple as visiting a toy website and reminding them that instead of spending the $50 Grandma sent them for their birthday, they can put it aside and add to it with their allowance money — eventually allowing them to buy a better toy or to donate to a charitable organization. Or spend $25 and put the rest away.
3. **Be as honest as possible about your own struggles with money with older children.** Tell them if you regret running up your credit card bills when you were in your 20s; that will teach them valuable lessons about managing debt and the perils of overspending. Remind them that ATMs are not free money machines, and don't hide money failures; use them as teachable moments.
4. **Encourage them to embrace budgeting,** including using piggy banks when they're young, and apps as they get older, that can help them manage their money. Digital natives are more comfortable using tech, so if they get into the habit of using an app to track spending habits, it will soon become second nature to them.
5. **Include your children in family meetings on spending and saving,** but remember that you're the adult, so only you make the final decisions on how and where household dollars are allocated. The kids may want a hot tub, but if the roof needs repair, that's clearly the priority. And as you set goals, remind your children that meeting them requires sacrifices. The post-pandemic family vacation, for example, might have to wait to make way for a new car.

Working with a professional financial planner will help you map out a household budget that encompasses the needs and wants of all members of the family, especially older children. "That way, you and your children can learn about money together," says Sean McDermid. "Eventually you'll touch on topics you may not completely understand yourself, like TFSAs versus RRSPs, and so you'll be experiencing this educational exercise together."

The goal is to start teaching your kids about money early on in life. That way, when it comes time for their major life decisions — a car, a property or education — they are prepared to save, maximize their own income and manage their debts. Being comfortable with money early will serve them for the rest of their lives, and will also assure they'll seek the help they need along the way.

What are investment loans?

We tend to think of debt as something to be avoided or paid off as quickly as possible. But there are times when taking out an investment loan can be a strategy to increase wealth.

Borrowing money to buy investments is a good example. And despite its fancy name, "leveraged investing" is a strategy that can benefit many different types of investors, not just the wealthy.

How investment loans work

Leveraged investing via investment loans is quite a simple concept:

- You borrow a lump sum
- You invest the money
- You pay interest on the loan
- You keep any investment growth

The risks of investment loans

Because investment loans enable you to invest more than you could if you only used your own money, you can accelerate wealth accumulation. When you invest $10,000 in an investment that goes up 5% in a year, you're $500 ahead. When you invest $100,000 in the same investment, you're $5,000 ahead.

However, just as your potential gains could be magnified, so could your losses. A $10,000 investment that goes down 5% in a year loses $500, but a $100,000 investment that goes down 5% in a year loses $5,000. For this reason, leveraged investing is only appropriate for people with a higher tolerance for risk.

Investing choices

Investment loans come with different features. With Manulife Bank, you can borrow the full amount you want to invest, or you can invest some of your own money and borrow up to three times that amount to add to your investment. You can also choose to pay interest only or to pay a combination of interest and principal. Contact YourStyle Financial to Learn more about Manulife Bank's investment loans.

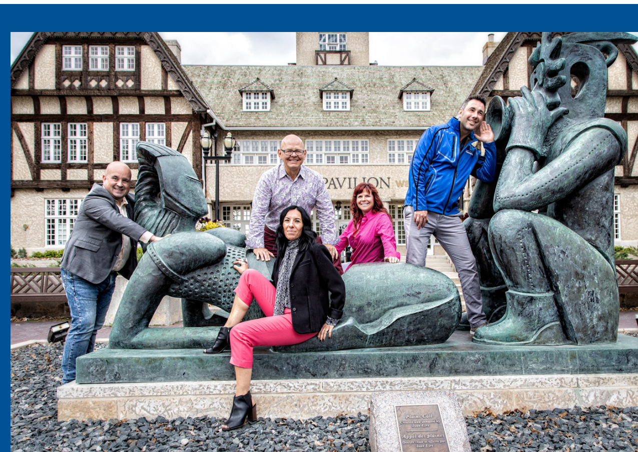
Talk to your advisor

Because leveraged investing isn't for everyone, it's important to talk to your advisor about whether it's right for you. If it is, it can be a powerful tool for helping you achieve your financial goals more quickly.

6 Reasons You Should Be Eating Blueberries!

Any way you buy them – fresh or frozen are best – blueberries are packed with nutritional power. If you need reasons beside taste to snack on blueberries, keep these nutrition facts in mind. Blueberries:

1. Provide antioxidants. Anthocyanins, the pigments that make blueberries blue, are potent antioxidants: A half-cup of blueberries provides the antioxidant power of five servings of peas, carrots, apples, squash or broccoli.
2. Are a healthy, low-glycemic-index carbohydrate, an especially good choice for those in need of better blood sugar control.
3. Are a source of vitamin C, important for supporting your immune system.
4. Help meet your daily fiber needs with two grams per half-cup serving of blueberries.
5. Have shown promise in addressing the untoward effects of aging: animal studies associated with consuming blueberries have demonstrated improved motor skills and a reversal of age-related short-term memory loss.
6. May offer various other health benefits ranging from preventing cancer and defending against urinary tract infections, to protecting the brain from stroke damage and reducing heart disease risks.



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