

LARA AUSTIN MINDINGMONEY

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FOR THE FRIENDS AND CLIENTS
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PRO-CRAS-TI-NA-TION

Noun (proh-kras-tuh-**ney**-shuh n, pruh). The act or habit of procrastinating, or putting off or delaying, especially something requiring immediate attention: *She was smart, but her constant procrastination led her to be late with almost every assignment.*

Many clients believe volatile markets or declining interest rates have the greatest impact on their financial welfare. In my 17 years of working with clients, I have come to believe that financial procrastination has a much more significant effect. Human behaviour dictates that we tend to procrastinate over things that feel overwhelming or cause us self-doubt or guilt. The most successful clients I work with have paid attention to the details and opportunities for decades and results show.

I concede that I tend to procrastinate about my regular exercise regime. The excuses my mind comes up with are fascinating. Here are some examples; my favorite shirt is in the laundry, the battery is dead in my i-pod, poor nights' sleep, it's raining outside (ironic since I go to a gym!). I find that I reduce the chances of procrastination dramatically by; preparing everything the night before, verbally committing to somebody my intentions, measuring the success and providing rewards for milestones.

In this issue are some handy reference tools to help reduce procrastination with your wealth plan. The Family Snapshot Tool has been a fabulous resource for clients. This tool pulls together aspects of your financial world and helps you see the connections and opportunities available to you based on your unique circumstances. In addition, regular review meetings should be purposeful. It is easy to be waylaid by talk about the latest sports, political event or grandchildren, but that should be complimented by concrete resources that add value to your financial affairs.

If you are a financial procrastinator in one or more areas of your financial life, let me help you get on track. In the most extreme circumstances I have spent a weekend going through a box of unopened statements, and have arranged a lawyer to meet a client in the hospital to complete Will (talk about 11th hour!). The best compliment I receive regularly is 'you just made it make more sense!' It doesn't have to be hard, or overwhelming. Don't let Financial Procrastination be your own worst enemy as it can be far more detrimental than volatile markets or low interest rates. Cheers,

Lara D. Austin



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HOW TO BEAT FINANCIAL PROCRASTINATION

Procrastination can make us feel robbed of our time and doubly guilty about it. I have put together some common causes of procrastination and how to resolve them:

1. Think about WHY you are procrastinating.

Money often comes with emotions attached. It may be that the money you received resulted from an inheritance and when you think about that money, your past relationship with that person may instigate certain feelings. It may be that you and your spouse have different ideas of spending or risk, and communications break down. It may be that you remember how you felt the last time the stock market went down. It may be that making decisions worries you, or that you feel pressured. Work with a professional who is willing to take the time to help you explore your concerns, provides pros and cons to your options and never rushes your decisions. Emotional money is rarely simple!

2. Just BEGIN the process... Procrastinators follow an 'all or nothing' mantra. They figure since they can't finish the task, then why bother?

Instead of being overwhelmed at having to finish a task, Focus on STARTING. This may involve pulling together important documents or booking a meeting with an advisor (this could be financial, tax or estate advisor depending on the financial aspect you are tackling) Here are some tools that can help you:

The Family Inventory: A document that can be found on my Website under Publications is: <http://dir.rbcinvestments.com/lara.austin/publications>. This is a fill-in-the-blank document that helps your spouse or family know who your professionals are, and where you keep your affairs. It should be updated regularly. Keep one copy with you, and provide your Power of Attorney and Executor with their own copies.

Family Snapshot: Completing the Family Snapshot Tool provides a yearly NET WORTH summary and Cash Flow Summary – the basis of your financial foundation. It will provide confirmation if your saving or spending goals are on track and well as assessments on insurance needs including Living Benefits and Estate Planning strategies.

Estate Planning: Ask for our 'Estate Planning Organizer'. A special folder to hold Wills, Power of Attorney's, Trust, Insurance and other important documents.

3. Set up a Routine and be AWARE of the time of each task. Procrastinators are often unaware of the time it takes to complete a task.

Just like an exercise regime, it becomes easier if you have a routine and ideally write it down. An example may look like:

Monthly – Review of Bills and Statements, ensure deadlines are met. (12 months X 1 hour).

Bi-Annual – Review of Investment Statements by phone or

in person, review savings strategy, debt repayment strategy or other goals. (2 X 1 hour).

Annually – Light Review of Estate Plan and Insurance (1 hour).

That's it. Fifteen hours maximum a year to keep yourself in financial 'ship shape'. Compare that to 876 hours a year for online social networking (users age 50 to 64) and 1,003 hours a year watching TV!

4. Create your own deadline.

It used to be that RRSP's came with a deadline. If you didn't use your RRSP room prior to the annual deadline, you lost your RRSP room for the next year. Is it any wonder that since the change in 1991 to 'RRSP Carry forward of room' that both the percentage of Canadians who save in their RRSP's and the amount they save has declined?

It is not a blessing that TFSA's and RRSP's have no deadline. Most of humanity operates better on deadlines. Think about Income Taxes and Property Taxes. You get them done because there is a deadline (and often a penalty associated with exceeding the deadline)

Here are some potential deadlines:

Jan 30th Annually - Have your TFSA Maximized before Jan 30th each calendar year – the earlier in the year you contribute, the more you maximize your tax efficiency. Over half of my clients had their TFSA Contributions processed by the end of the first week of January! (the trick was to give me their instructions and post-dated cheques in Nov and Dec)

May 30th Annually - Set up RRSP contributions for monthly automation. Review the value every May 30th when you receive your T1 Summary from Canada Revenue Agency and reset your monthly contribution to ensure you don't over-contribute.

On the 5th anniversary of your birthday... (ie age 45, 50, 55, 60plus) review your insurance needs and will more thoroughly. Of course, if your marital situation or financial circumstance changes dramatically, this review should be repeated that that time.

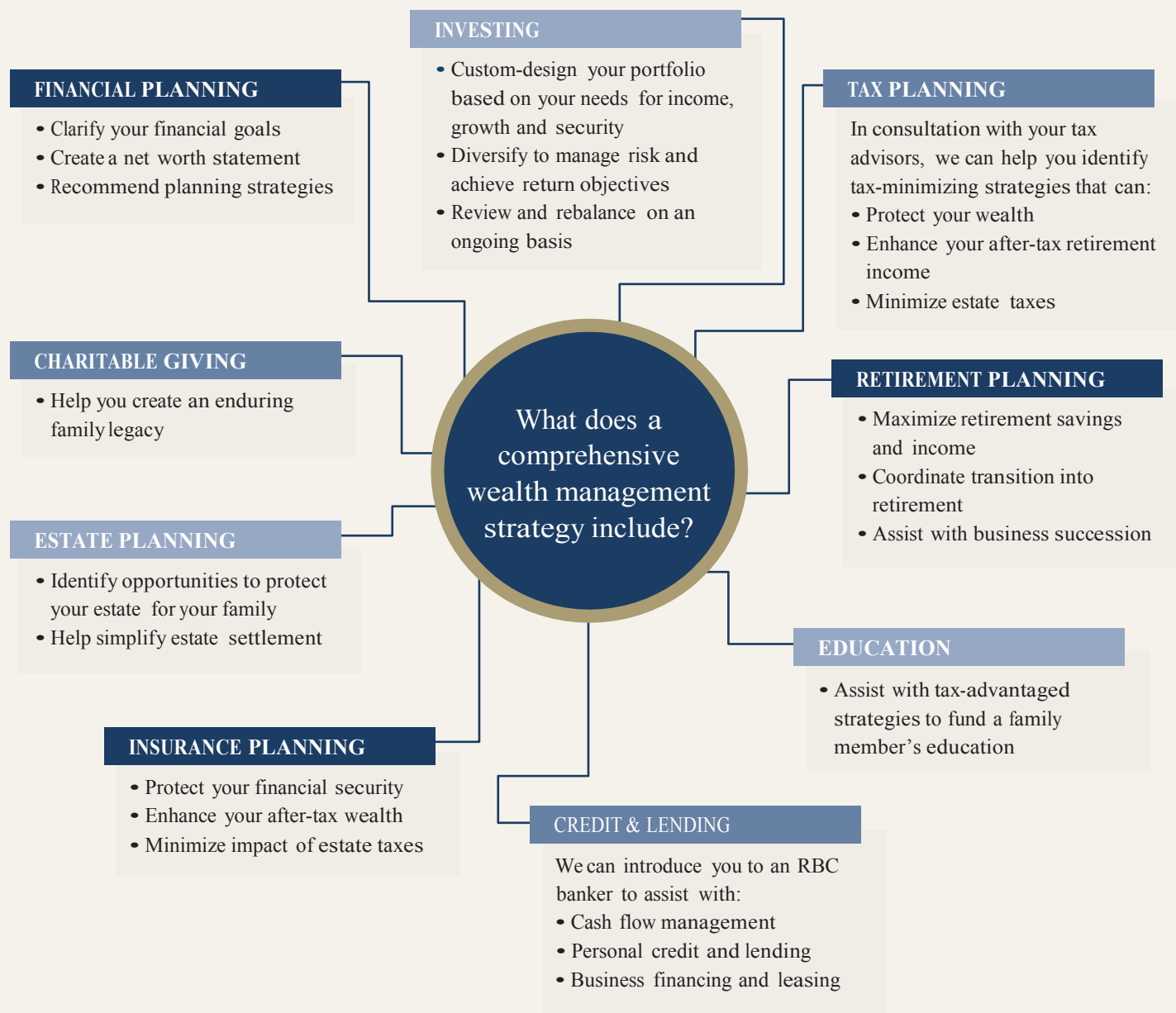
5. Find your cheerleaders.

Verbalizing your intentions increases the likelihood that you will follow through. Often, the simple act of sitting with your financial professional and voicing your goals and objectives serves the purpose of verbalizing. One of my favourite exercises is to ask clients 'What is important about money to you?' Apparently this isn't commonly asked, because clients are often surprised by how they answer and even more so – their spouses! Sharing your intentions with your professionals, family and friends may just become a self fulfilling prophecy!

6. The Results.

The end goal is to feel ‘on top’ of your financial choices. Be proactive about your financial intentions. Be organized with your financial life and EXCITED about your financial future.

No matter what is happening ‘in the markets’ and how low interest rates go, every aspect of your financial affairs – tax, portfolio and estate – are being attended to!





UPCOMING PRESENTATIONS

YOUR invitation to an RBC Wealth Management event.

Executor ‘Sins’ and Power of Attorney ‘Prayers’

**Presented by Susan Benesch,
Estate & Trust Advisor, RBC Wealth Management**

**Thursday, June 27, 2013
2:00 - 3:30pm
Visitor's Centre (with the jet plane)
Small Road, Cumberland**

If you are in the process of updating your will.

If you have family that lives far away or have busy work and family lives.

If you have been asked to act as executor or Power of Attorney for someone you care about....

Consider learning more about the roles and obligations of Executors and Power of Attorneys!

Did you know...

- A divorce does not revoke a will
- Marriage automatically revokes any existing will and codicils
- That when two executors are appointed, they must act unanimously (agree)

- An executor is required to file a Terminal T1 return for the year that the person died and any unfiled returns from previous years
- An executor may incur personal liability for distributing the estate too quickly
- An executor may incur personal liability (interest charges) for distributing an estate too slowly
- A power of attorney that you have made ends if you become mentally incompetent, unless it is specifically an “enduring power” of attorney
- An attorney named in an ‘enduring’ power of attorney, must sign the document for it to be effective
- An attorney cannot make healthcare decisions for you, like surgery or dental work – you require a representation agreement for that
- The courts do not assume you would have chosen your spouse if you don’t have a power of attorney naming them. Your spouse must then apply to the courts if you become incapable.
- Your power of attorney can quit
- The law regarding wills, estates and succession in BC is set to change significantly in March 2014.

There is so much to consider if you are appointing a ‘P/A’ or executor OR have been appointed to either of these roles.

Please RSVP to attend this event. We welcome friends, family and neighbours!

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