



Wealth Management

The benefits of proper planning

Exploring how wealth planning can help you achieve your short-term and long-term savings goals

Setting financial goals and developing a plan to work towards those goals are key aspects to focus on.

Are you saving for a new car, your education, a down payment for a home, or your future retirement? No matter what your financial goals are, wealth planning functions as an important tool to help create a clear picture of those goals and their time horizons. Setting goals for yourself, and developing a plan to help you work towards and reach those goals, are key steps in managing your wealth because they'll help you identify how much you can realistically afford to save or invest.

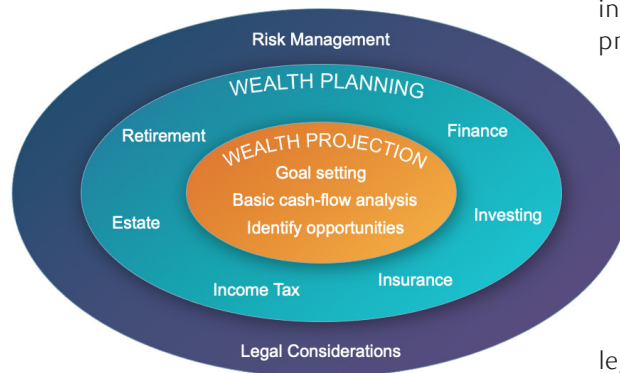
Wealth projection versus wealth plan

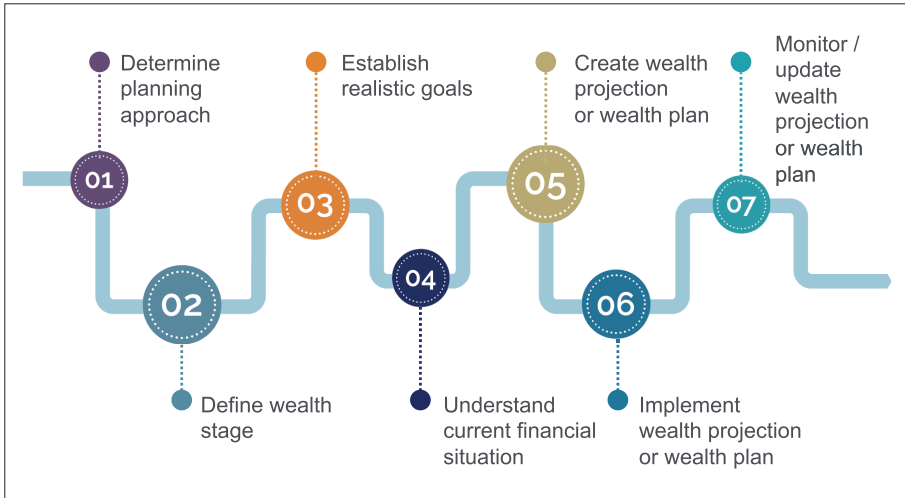
In general, there are two main types of planning approaches. At the core of the planning spectrum, the first approach is called a **"wealth projection,"** which is a basic form

of planning, looking at short-term and long-term goals. A wealth projection analyzes how goals affect the cash-flow needs of an individual over time, and considers how to best achieve those goals, and it generally includes simple calculations for more one-off planning needs.

The second approach is called a **"wealth plan."** It offers a more advanced wealth planning process that involves mapping out a detailed course towards the achievement of more complex financial goals, throughout your lifetime and across generations. A wealth plan starts with the core wealth projection elements, and then takes the planning process many steps further. It integrates multiple aspects of planning into the process, and draws in professional planning knowledge in the areas of finance, retirement, investing, estate, income tax and insurance to create a big-picture view of your financial situation and potential opportunities.

Note: In all planning aspects, it's important that appropriate overall consideration is given to legal aspects and managing risk.





To find out more about elements of planning or the RBC Wealth Management Financial Literacy program, please contact us today.

Benefits of wealth planning

There are several benefits that creating a wealth plan may offer:

- peace of mind and confidence as you work towards your goals;
- increased control and protection if something unexpected were to happen;
- may generally put more money in your pocket;
- helps minimize financial risk;
- provides sustainability by catering to personal circumstances to keep outcomes realistic; and
- is easy to update if or as your situation or goals change.

Steps in the planning process

In general, there are seven steps involved in the overall process, as shown in the “road map” illustration. Steps 1 through 4 focus on determining the right approach for your situation; looking at your current life stage, needs and objectives; and helping to define your personal financial goals on a realistic level.

Then, steps 5 to 7 zero in on the specifics to create a wealth projection or plan to successfully achieve your objectives over time. All of the information gathered gets analyzed and interpreted, and the

generated results in the projection or plan are modified or tweaked until your desired goals become feasible. From there, it’s about moving those results into action and applying the recommendations. For example, this could be opening a Tax-Free Savings Account to increase savings towards your retirement goals. And last but not least, remember that your wealth plan or projection should be treated as a living, breathing document, so monitoring it is key. As a general rule of thumb, you should review it annually, unless you experience a major change or life event, or if your goals shift.

Defining your “wealth stage”

In creating a wealth plan or projection, it’s important to examine how your life stage impacts your financial picture now and in the future. There are generally three main stages of wealth:

Early saver	Mid-Life accumulator	Preserver/spender
<ul style="list-style-type: none"> • Establishing a career and starting to earn money. • Possibly thinking about marriage, buying your first home or starting a family. • Objectives: earning, saving and growing assets. 	<ul style="list-style-type: none"> • Stable career, and looking to maximize your wealth. • Accumulated some investments and assets on a debt-free basis. • Mindset shifts to retirement and estate planning, and main objective is to create a balance between preservation and growth. 	<ul style="list-style-type: none"> • Retired or working less, and using accumulated wealth to generate income as a salary replacement. • Focused on protecting assets and making it last through senior years and estate planning. • Objectives: minimizing risk and managing wealth in tax-efficient manner.