

Take control of your finances

Seven steps towards
financial organization



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INTRODUCTION

Financial organization means regaining control. It means less stress and an end to the uncertainty of your financial future. A clearly defined plan can be your guide to greater life satisfaction, ridding yourself of that nagging voice in the back of your mind telling you to get your finances in order.

We know it's not easy and you may already be feeling stressed and stretched thin.

In the midst of growing your business, taking care of your family, planning for their future and finding some down time, sitting down to organize your finances might not be front of mind, nor the most enjoyable activity.



Instead, it's pushed back further and further with each new business or family priority.

You could also be nearing the end of your career. The business has grown, but retirement looms and so do postsecondary tuitions for the kids. All the while, recent research discusses the importance of finding that [seemingly elusive work/life balance](#).

The more time passes, the more daunting the task of financial organization becomes. It seems like it'll take forever to get everything together and come up with a coherent plan.

But at some point or another, [the penny drops](#). Ignorance isn't bliss and not knowing your financial state is causing more stress than facing the music.

Often times, getting financially organized means a reality check — you might not be able to own those second and third homes in the Kawarthas or Muskoka. But it also means you'll have a clearer vision of your future and with it, a better sense of control. Maybe you can have that second home after all!

This white paper will outline six manageable steps to DIY financial organization. In the seventh and final step, I will discuss how my team and I can help you through the process.



SIX STEPS TO ORGANIZATION

I. CHOOSE TO BE ORGANIZED



It may seem like an obvious first step, but making the decision to be financially organized might be the most important part of the process.

The crux of this step lies in turning a “should” into a “must”. If you continue to think financial organization is something you *should* do, it’ll feel like a chore, a chain keeping you back. You might get organized for a bit, but will return to old habits soon enough.

Turning any major life change into a *must* makes it a conviction.

You’re more likely to follow through in the long-term because it will have greater permanence. Contrary to an invisible chain, once financially organized, you’ll actually feel freer than before.

Regardless of your income or net worth, if you aren’t clear on whether your financial future is in sync with your vision for it, I highly recommend you make it a priority.

2. GATHER INFORMATION

Once you've decided to get financially organized, it's time to roll up your sleeves and get to work.

Assess where you stand. This includes knowing your monthly expenses, income and your overall net worth. No amount of information is too much when creating an accurate picture of your financial situation.

Basically, there needs to be enough data to produce a personal balance sheet (with assets and debits), a cash flow statement (with income and expenses), and any insurance coverage. The same applies for business owners getting their businesses financially organized.

In today's wonderfully techno-centric world, there's a plethora of [websites and apps](#) that will do these more meticulous tasks for you such as www.mint.com or [myFinanceTracker](#). These apps create balance sheets, keep track of your monthly budget, and remind you when bills are due.

In our case, we provide our clients with a fact-finding document where they can give us a list of their assets and liabilities. In return, we analyze the data and calculate their net worth along with any opportunities for tax and interest savings.

3. DEFINE YOUR GOALS

I came to a stunning realization years ago: **increasing your net worth on its own is unlikely to lead to a satisfied life.** Instead, an increased net worth is most beneficial when used to achieve goals that align with your core beliefs and values.

When on the path to getting financially organized, it's a good idea to create financial goals that are meaningful to you and your family. These goals will become invaluable in helping you achieve the things that are important to you.

Once you've written your goals down, make a timeline in which to achieve them.

Don't forget to have something to look forward to. I recommend categorizing goals into three time periods — short-term goals of 1-2 years; your medium-term goals of 3-6 years; and long-term goals of 6+ years. This way you get excited about the short-term goals, while saving for the long-term.

Be both idealistic and realistic when goal-setting. The process can be invigorating.

4. HAVE A FINANCIAL PLAN

With your financial goals in place, you can now figure out how to achieve them. This can be the most challenging step of getting financially organized. But fear not, the following sub-steps can help you understand the various parts to every good plan.



Outline a tailored strategy to accomplish your goals. Decide which investment vehicles you'll pursue and divide them into different groups, whether they are stocks, bonds, or mutual funds. You can then choose when to invest in each group, how much to invest, and what percentage of the return you'll put away versus the percentage you'll re-invest. Set up some rules to avoid emotional investing and selling.

Write projections to verify the strategy will achieve your goals. Keep track of these using a master document that will contain all your information, such as a spreadsheet.

Follow action steps required to execute your plan. Your hard work thus far can easily go to waste if you fail to follow through. We understand life can get busy with competing priorities, so we provide our clients with a checklist. Points to check off may include: update your will and power of attorney by a certain date; or maximize RESP contributions through monthly contributions.

Have a concise document that's easy to understand. We provide our clients with an executive summary that's easy to understand and follow. We are happy to provide all the numbers behind the plan for those who prefer to see it.

5. GET LEVERAGE

It goes without saying that you'll struggle to follow through at times throughout this process. **Counter these moments of weakness by getting serious leverage against yourself.**



I once set a target weight of 195 pounds and a deadline by which I had to reach that weight. In order to get leverage, I wrote a cheque to an organization I strongly disliked. I gave that cheque to my trusted brother-in-law with instructions to mail it if I didn't reach my target weight by the deadline I set. I have never worked so hard to follow through.

Once you identify where you might struggle most, figure out what will give you maximum leverage. This could mean promising to do every family member's chores for a month if you don't stay on top of your budget. Or maybe you'll give up meat for a few weeks if you don't get your will and power of attorney updated.

If you consistently use this strategy on your weaker points, you'll achieve your financial goals and more.

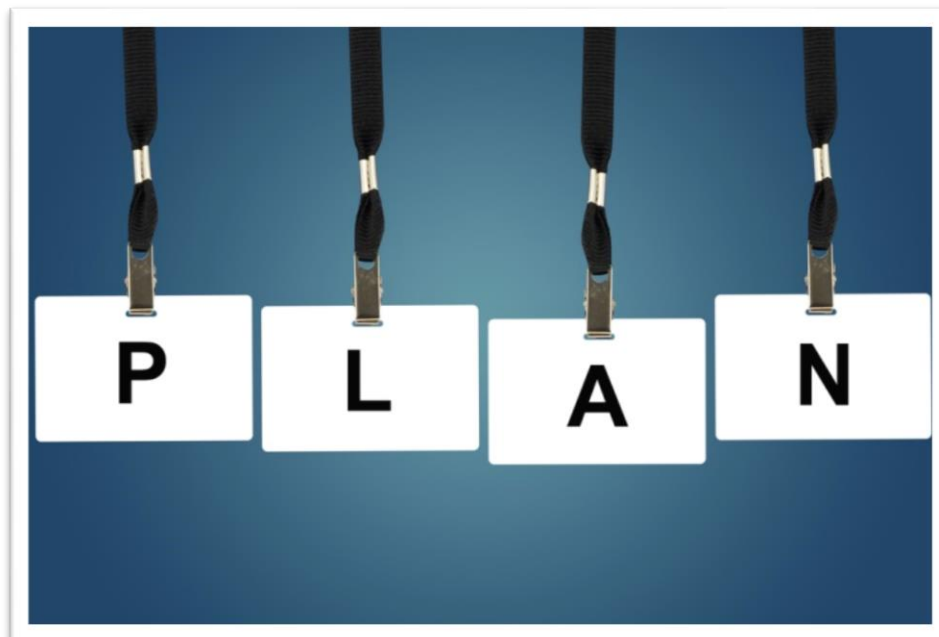
6. REVISIT AND RESET

Financial planning is never a one-time activity, even if your goals stay the same.

When we create financial plans for clients, we not only have a document to track their progress, but we also have a financial roadmap to ensure important documents are updated on a regular basis. These include a client's financial plan, risk tolerance, wills and powers of attorney and others.

Anything from net worth, health, family situation, taxes, and life goals can and will usually change. If you're running off of old facts, you may not reach the destination you originally targeted.

We obsess over our clients' details. Having a plan and a roadmap gives our clients the confidence to know that their financial lives are well taken care of. They can then concentrate on what's most important, like family, friends, passions, and careers.



At this point, you might be thinking:

“That’s nice, but there’s no way I’ll have the time, get the knowledge or have the energy to do all of this!”



SO, NOW WHAT?

IF ALL ELSE FAILS, OUTSOURCE

7. FIND A FINANCIAL ADVISOR

This brings us to the seventh and final step of getting financially organized. We realize with everything else going on in your life, it's hard to find the time and energy to follow through on every step.

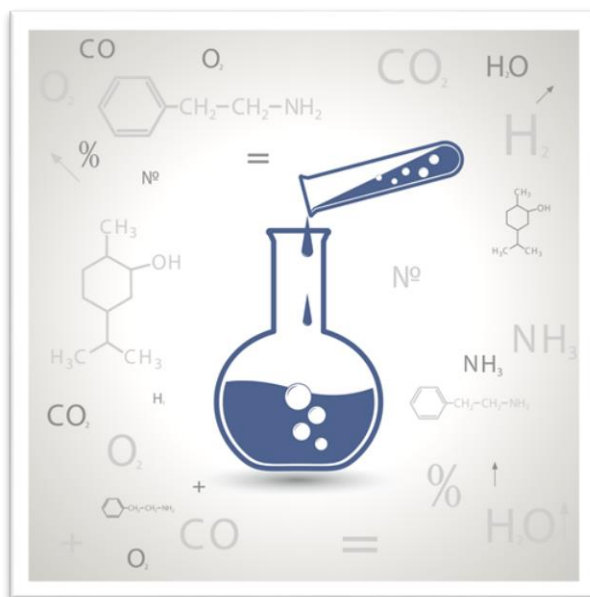
Fortunately, this doesn't mean financial organization is out of reach. Instead, you might want to find a professional who can walk you through each step, or at least get you started and answer any questions.

When working with a financial advisor, there are a few things you should look for to ensure a good fit.

Good chemistry: It's important that you like the person you're working with. You want to feel comfortable calling him/her up, instead of dreading the next meeting.

Someone who cares: One of the most important reasons financial advisors do what they do should be because they enjoy helping people reach their goals.

Good service: This can mean different things to different people, so make sure your financial advisor fits whatever your definition of good service is. If you want to meet twice a year; have a comprehensive plan based on your goals; and have emails or calls returned within 24 hours; find an advisor who will invest their time in you.



Accreditation: The professional you choose should have the training that matches the goals you want to achieve. In my case, I'm a Certified Investment Management Analyst (CIMA) and there are less than 200 of us in Canada. The investment training I received by attending courses at the Wharton School was invaluable.

However, if you don't get along, or your advisor doesn't seem to care, the letters after their name won't mean much!

Company: Like accreditation, the company your advisor works for is also important. The company needs to be able to provide the advisor with strong resources; the ability to do his/her job; access to a wide array of investment products without dictating what those products should be; and the financial strength to stay the course when markets and economic conditions become turbulent.

Fees: Fees are often the elephant in the room when investors and advisors first meet. They vary from advisor to advisor depending on services provided and level of care. However, one thing that shouldn't vary is the initial agreement on how much will be charged and a way for clients to track these fees.

When meeting with your advisor, be upfront and make sure you're clear on the pricing.

Investment prowess: Your advisor's approach must work in sync with your risk tolerance and financial goals. He/she must have a sound investment philosophy that works in both good and challenging times.

Financial planning: A good advisor will plan your finances around what's important to you, while developing the best strategies to minimize the taxes you pay.

I believe financial organization is essential, and it's never too late to get started. My practice is built around a strong desire to organize my clients' financial lives and help them achieve their goals.

ABOUT MATTHEW

Matthew is one of less than 200 Canadian advisors with the advanced Certified Investment Management Analyst accreditation. He graduated from the University of Western Ontario and has been in practice as a financial advisor for 17 years. He joined Raymond James Ltd.'s flagship Toronto office, The 53rd, in 2008.

A deep thinker on economic realities and extremely well read, Matthew is a dedicated proponent of continuous professional development. He completed the requisite Canadian Securities Course, as well as additional courses with the Investment Funds Institute of Canada.

Under his proactive guidance and watchful eye, Matthew takes great satisfaction in organizing his clients' financial lives to help their financial worth grow, despite a prolonged period of market volatility and economic uncertainty.

Matthew is privileged to call many of his clients friends, given the close, trusting relationships forged over a career devoted to managing their financial affairs with both insight and discretion.

If you have any questions about these seven steps to getting financially organized, feel free to contact me by [email](#) or at 416-777-6368. To learn more about me, visit www.raymondjames.ca/mlekushoff.

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