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## Revisiting Your Financial Plan

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The hits keep coming! With the recently concluded Federal election essentially changing nothing in Ottawa, there is little doubt that annual spending deficits will probably continue to reach new levels. Along with this renewed deficit spending Canadians can expect to see higher consumer prices as various economic disruptions continue to impact Canada and other nations around the globe.

What do you do? The first thing to do is do a **SWOT** analysis of your family situation. Review your **S**trengths, **W**eaknesses, and the **O**pportunities you are positioned to capitalize on and don't forget to review any possible **T**hreats to your financial well being - such as rising interest rates or food prices for example.

Now may be a good time to review your financial strategy and see what assumptions may need to be adjusted. Perhaps you planned on retiring at age 60. Or that you would have your mortgage paid off in a few years. Or that you would never carry credit card debt. Or that the kids would have all moved out by age 21.

Whatever your assumptions are, it is important to **stress test your financial situation** by changing some assumptions and see how these changes may impact your financial strategy and either your asset building efforts or your efforts to preserve capital in your retirement years.

What if your adult children run into cash flow problems due to job loss because of the pandemic? Will you help pay their mortgage or cover their rent? How will this impact your own retirement income or monthly cash flow today?

The financial industry always recommends having a three-month reserve of emergency cash on hand to cover unforeseen events such as a job loss or illness. Perhaps it may be also wise to have a food inventory to cover three months or more? Despite reported low official inflation rates, consumers have recently been witnessing **rising food costs in both restaurants and grocery stores**. Packaging sizes have shrunk and this "shrinkflation" is reminiscent of the 1970's when chocolate bar sizes shrank before their prices rose. Déjà vu all over again!

Perhaps it is time to review investment return assumptions. What does your future look like if you use a 3% return on investments instead of 4%? How does this impact your asset building efforts and what impact does this have on your planned retirement income?

This fall may also be a good time to review your risk management programs. Do you have the right kind of house and property insurance coverages? **With house prices exploding higher in many Canadian cities** your current coverage may not have kept up with these higher values.

Do you have enough life insurance and the right kind of life insurance? Are your capital needs temporary, such as a mortgage, or are they permanent, such as sharing a company pension with your spouse, tax planning and Estate Planning? Is your insurance coming up for renewal in the next 2 years or so? **It may be better to shop the market today** and replace it for a better premium cost now and lock in a lower rate.

Something most people are unaware of is that you can **get a better rate**, even from your current life

insurance company, by applying for new coverage rather than taking the contractual renewal rate.

Finally, it is always a good idea to review your monthly spending and identify variable expenses that can be reduced or eliminated in an emergency.

[Call us today to discuss your personal situation](#) [1] and other ideas that may help you keep your Financial Strategy on track.

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