Ten Financial Items Every Canadian Should Have

While everyone's financial situation is different, there are several financial items which can be universal to all Canadians. Following is a list of ten necessities which could be essential to every person's financial well-being. Like an oil change for your car, a regular review of your financial well-being is important to how smoothly your financial affairs are run. The development and completion of your list should be considered as a long term goal. Pick your top two or three priorities and focus on them first and complete the others over time. Trying to achieve all the goals at once would be overwhelming and you may ignore what could be a meaningful, financial necessity.

Here, then is the list:

1. **A Written Financial Plan**.....Human nature dictates that someone is more likely to follow a plan if it is written. Approximately 75% of all Canadians do not have a written financial plan. A formal plan provides a guide to ensure you are on track to achieving your goals. Once written, the plan should be changed as your situation changes. In any event, you should review the plan annually and make a note of progress made.

2. **A Will and Estate** Plan.....As mentioned in previous articles a Will and an Estate Plan are very important to any complete financial plan. Without a will, there are many other ways of dividing your estate, which may not be in keeping with your wishes. The appointment of a capable executor and a designate is also important to ensure your wishes are accurately followed.

3. **Living Will and Power of Attorney**.....Your will is designed to allocate your estate upon death, but if you are unable to make your own decisions, care for yourself or are unavailable to sign an important document then you should have a Power of Attorney for Personal Care (living will) or a Power of Attorney for Financial Affairs.

4. **Pay Yourself First**.....Set up a Pre-Authorized Contribution, on a regular, recurring basis to an investment account, whether registered or non-registered. This is easier than trying to find lump sums to deposit to your savings or RRSP.

5. **Registered Retirement Savings Plan**.....The benefits of an RRSP are well known: immediate tax reduction, tax deferred growth and the ability to split post-retirement income with your spouse (Spousal RRSP). You could save considerable tax by having lower combined income versus having it all in one person's name.

6. **Pay Your Mortgage More Frequently**.....If you have a mortgage, make payments as frequently as possible (weekly, bi-weekly or bi-monthly) and if financially possible take advantage of your annual pre-payment clause. These all result in lower interest costs and could save you thousands of dollars over the life of your mortgage.

7. **Insurance: Health, Disability, Life and Credit**.....Insurance is an important aspect of any family's financial plan. There are a wide range of insurance products for a wide range of personal situations.

8. **Three Months of Savings**.....A rule of thumb is to have a minimum of three months' income set aside in the event of a family emergency, home repair or job loss. While this is not always feasible it is wise to have something available when needed.

9. **Credit: Get it While You Don't Need It**.....Credit is usually quite readily available when you do not need it, however, when you really need it (job loss, emergency), financial institutions are less likely to lend it to you. While there are other options, a Line of Credit is likely the most flexible alternative.

10. **Registered Education Savings Plan for Children or Grandchildren**.....If you have children or grandchildren, the use of an RESP is a great, tax deferred method to save for their education. There is a minimum grant of 20% on the first $ 2,500 contributed annually with the potential for higher grants for middle and lower income families. How often does the Government give you money?