INVESTING

Remedy for a tired portfolio?

Health-care stocks fit the bill for investors seeking growth potential and diversification.

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Wealth Management

EDITOR: DAVE MICHAELS

Perks such as sports tickets are nice, but most people would 'not base financial decisions on them,' says David Bentall. DARRYL DYCK FOR THE GLOBE AND MAIL

HIGH NET WORTH

The perks of being an investor

Financial institutions go to great lengths to keep their wealthy clients happy. But VIP extras only go so far

JOEL SCHLESINGER

David Bentall, a member of one of Vancouver's more renowned wealthy families, has never been one to pooh-pooh a perk or two from a wealth management firm.

"We've received tickets to the closing ceremonies for the 2010 Olympics and to [Vancouver] Canucks games," says the former head of Dominion Construction (which merged with Stuart Olson in 2010).

"I definitely do not look for that or expect it," says Mr. Bentall, now an adjunct professor at University of British Columbia's Sauder School of Business and founder of Next Step Advisors Inc. "But it does feel nice to get the occasional, 'Thank you, we appreciate your business.'"

Tokens of appreciation are common in service-oriented industries dependent on customer loyalty. But private wealth management – or private banking as it is also called – for very high-net-worth clients takes it to an entirely higher level.

Some of the world's largest financial institutions are willing to go to great lengths to keep their multimillion-dollar clients happy, as well as to woo new ones. Among them is the Britain-based bank Barclays, which has its Little Book of Wonders, offering everything from VIP tickets to Paris fashion shows to an 007-themed day driving an Aston Martin.

"It doesn't surprise me that multinational financial institutions like that put together actual programs around this," says David Sung, president of Nicola Wealth Management, a boutique private wealth management firm in Vancouver, whose clients include Mr. Bentall.

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SUCCESSION PLANNING

Millennials step into boomers' business-owner shoes

Young people see an opportunity as sellers face a dearth of buyers

GAIL JOHNSON

After earning a degree in chemical engineering, Quinten Griffiths managed refinery operations at a large oil company. Anyone would have considered that a great job, but the Calgary native felt something was missing.

He embraced his keen interest in entrepreneurship and got an MBA. Now the Toronto resident has embarked on a business venture – which is where his story takes a different turn than most.

Mr. Griffiths, 28, is not looking to start a company. Rather, he wants to buy one from someone who is ready to retire. "I am not an idea-starter; I'm more of an executor, someone who can take a mousetrap and make it better," he says. "I'm looking to take a great business that's doing well and grow it. Maybe there are people out there looking to sell to someone like me."

There must be. Of the 2.3 million small businesses in Canada, most were founded and are still run by baby boomers nearing retirement, according to Deloitte. But for every two retiring senior executives, only one suitable successor is waiting in the wings, the Conference Board of Canada has found, and that ratio is even bigger for small businesses.

Here's where people like Mr. Griffiths come in. Many of those potential successors are millennials, a generation that's often overlooked by boomers.

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STOCK PICKS

Prescription for a tired portfolio

The world's population is greying, and spending on medical treatments is expected to rise. That has put health-care equities in the crosshairs of those looking for stocks with growth potential

JOEL SCHLESINGER

If you're looking to diversify your portfolio, health-care stocks may be just what the doctor ordered. From blue-chip, dividend-paying multinationals to high-risk/high-return smaller biotech firms, the health-care sector offers a little something for every investor.

Moreover, it doesn't hurt that the world's population is greying, with increased health-care spending predicted for the future.

Here are a few picks from investment professionals who follow the sector.

Stephen Caldwell, portfolio manager with Cidel Group, Toronto

Dentsply Sirona Inc.: The product of a recent merger between two giants, Dentsply Sirona is a major supplier of dental equipment and consumables such as artificial teeth. "Now that the merger has happened, there's a lot of scope to sell consumables to the existing base of customers," Mr. Caldwell says. The company's downside is a low dividend yield, less than 1 per cent, and it also has a forward, one-year price-to-earnings multiple of 22 times. "So the shares are not tremendously cheap," Mr. Caldwell says. But management earnings projections have been very conservative, and the figures "have the potential to turn out better than expected."

Olympus Corp. ADR: Known for manufacturing cameras, Olympus is also the largest manufacturer of endoscopes for gastroscopic procedures, with a 70-per-cent market share. But its growth potential is in the surgical space, where it has a 20-per-cent stake in the market. "The balance sheet is very strong, and the company is paying a dividend that should grow over time," Mr. Caldwell says. He also expects the company could see revenue growth as high as 6 per cent over the next five years. In addition, Olympus is trading at 19 times earnings, a historical low for the firm. The downside is currency risk as a Japan-based firm. "With the yen being very strong, that has put some downward pressure on reported results when dollar and euro revenues are translated back into yen." But the currency losses have had little impact on sales volume. Canadian investors can access its stock through the OTC (over the counter) market.

New drugs that treat Parkinson's and HIV patients are sparking interest. Dentsply Sirona makes dental equipment and artificial teeth, below. SAMSUNG CSC, DENTSPLY SIRONA

Doug Loe, sector analyst with Echelon Wealth Partners, Toronto

Theratechnologies Inc.: The Montreal-based drug developer's HIV medication Egrifta offers upside for investors. It addresses a particular problem in the treatment of the disease by targeting lipodystrophy, a dramatic loss of body fat. While the company has had trouble recently in developing the drug, Mr. Loe is optimistic about the company's prospects. "Theratechnologies is building out a leading HIV therapy franchise by focusing on niche HIV/AIDS markets previously not focused upon by peers."

TSO3 Inc.: This Quebec-based health-care technology firm has an innovative medical equipment sterilization platform that offers health-care providers more capacity to handle equipment such as flexible endoscopes at lower cost than competitors. It's awaiting FDA approval in the United States, so the company's competitive advantage is not guaranteed, but a favourable "review on this capability alone could establish VP4 as standard-of-care for hospital sterilization requirements worldwide," Mr. Loe says.

Eden Rahim, biotech portfolio manager with Next Edge Capital, Toronto

Acadia Pharmaceuticals Inc.: This U.S. biotech company is developing the only drug aimed at treating psychosis in patients with Parkinson's disease. "The only medication available right now is anti-psychotic drugs for treating schizophrenia and other mental illness, and they're ineffective," Mr. Rahim says. So far, Nuplazid has FDA approval and should be available to patients in the United States by the end of June. It can treat psychosis without the side effects of other medications, making it suitable for treating older patients in frail health. The downside is Acadia basically has "all its eggs in one basket," Mr. Rahim says, so if commercialization does not go as planned the company would face trouble. But given its proven effectiveness according to the FDA, Mr. Rahim says the stock "is really underpriced."

Portola Pharmaceuticals Inc.: Portola is the maker of an agent that counteracts excessive bleeding in patients who take blood thinners. Developed for patients who cannot tolerate thinners without high risk for bleeding, Andexxa has a targeted market worth about $400-million a year because there is no other effective treatment for these patients. The risk is FDA approval, Mr. Rahim says. But the medical world needs "a coagulating agent like this badly on the market, so I think it's likely to get FDA approval."

Special to The Globe and Mail

EDUCATION

How to keep kids from frittering away the future

Worried their estates may fall victim to the 'silver spoon syndrome,' wealthy parents are educating the next generation

MARLENE HABIB

Canadian entrepreneur Gonzalo Pagés leaves no strategy unexplored when it comes to his legacy and protecting his seven-year-old twins – even from themselves.

The Mississauga, Ont., resident launched his company Byte Network Security Corp. a dozen years ago, and he also has a business in South America that imports commercial equipment for hotels and restaurants. He is among Canadians of high net worth – generally defined as having at least $1-million in investable assets – who want to ensure the money they're passing on to their children isn't frittered away.

"My will is structured so they will have more money if they go to university as opposed to college," Mr. Pagés says about his son and daughter. "They also won't be receiving everything at one chop – they'll be getting a certain amount through their lives.

"Can you imagine two 18-year-old kids with $5-million each? Nothing good can come out of that."

Gonzalo Pagés, here with his financial planner Jennifer Black, wants to ensure his children are responsible about money. J.P. MOCZULSKI FOR THE GLOBE AND MAIL

Mr. Pagés and his wife Kristine, who runs a home-based business, have raised their children to recognize the importance of saving and growing their money.

"One of the goals with my children is – and this started from an early age – that the topic of money is always talked about at the dinner table," he says. "Now my kids ask how my day was and if I closed any big deals. We usually talk about hard work, how money is made and what to do with money."

High-net-worth people – about 331,000 in Canada in 2014, 21,000 more than in the previous year, according to the 2015 World Wealth Report from Capgemini Financial Services – have more complex needs than lower-earners.

In addition to financial matters, they also must address the changing dynamics of families, including divorce and the growth of blended families, and the fact that young people are staying in school and living at home longer, and entering the work force later, says certified financial planner Jennifer Black of Dedicated Financial Solutions.

For their part, financial advisers are addressing the concerns of high-net-worth clients by educating them and their families.

"I've seen baby boomers whose parents didn't manage their estate well, so they want to become more aware of what they could be doing differently," says Ms. Black, who is Mr. Pagés's financial adviser.

Many parents in high-net-worth families also worry their children may take their privileged lives for granted, and that their estates may fall victim to the "silver spoon syndrome," says Sheri MacMillan, senior estate planning specialist and president of Calgary-based MacMillan Estate Planning Corp.

Intergenerational planning, trusts and charitable giving are among the topics Ms. MacMillan discusses at wine-and-cheese seminars she hosts for current and potential clients.

Affluence can be a double-edged sword, says Robin Taub, a Toronto-based chartered professional accountant who speaks on the importance of teaching financial literacy to children.

"It's a privilege, but also a responsibility," says Ms. Taub, who is also author of the bestselling book *A Parent's Guide to Raising Money-Smart Kids.*

"Wealthier parents are concerned their kids don't have the financial skills and knowledge to manage money," she says. "They want their kids to know how to handle the money, absorb the family values and understand what the family legacy is.

"But they're also afraid their [children] may not have an appreciation of what things cost and how they got to be there. It's a lot for parents to take on and it can feel a bit overwhelming and scary."

Richardson GMP, a national, independent wealth-management firm based in Toronto, holds 90-minute lunch-and-learn sessions, frequently attended by clients and their children, on topics such as choosing an executor, cottage succession and cybersecurity.

"There's so much information available through so many different access points that we find part of our value-added as advisers isn't just managing wealth but also protecting it," says Andrew Marsh, the firm's president and chief executive officer.

High-net-worth baby boomers have likely already inherited the previous generation's wealth, so they're more likely to outlive their money – meaning more for the next generation, he says.

Families are recognizing that "they've accumulated enough wealth and have become a steward of that wealth," Mr. Marsh says. Their goal is to define what that wealth means to them and how it will benefit their family while also trying to make the world better off, he says.

Even Mr. Marsh's own parents have taken steps to give them peace of mind, he says, noting that they have put a trust in place to ensure the family farm in Sarnia, Ont., won't be sold.

"Trust funds are still a tool that a lot of people use … and appropriate in certain situations to protect certain assets from generation to generation."

To control wealth once they die and reduce the chance of family infighting, wealthy people also donate at least part of their money to charity. For instance, they might set up a private foundation to support a cause, as billionaires Warren Buffett and Facebook founder Mark Zuckerberg have done.

Planning can prevent all kinds of problems, both now and in the future, Ms. MacMillan stresses. "Having the money to assist your children is only one aspect of the equation. Knowing how to pass along wealth and when to do so is equally important," she says.

Adds Mr. Marsh: "The complexity of wealth leaves a lot of families needing to speak openly about what they want, but it really starts with education."

Special to The Globe and Mail

CHARITABLE GIVING

Donating stocks a neglected but potentially fruitful option

The tactic is most commonly used by high-net-worth individuals, but donors of all stripes can benefit, experts say

DAVID ISRAELSON

Canadians who donate to good causes often take stock of what they can give, but they may be better off giving stock instead.

It's not a question of generosity. Canadians always open their wallets to help, whether it's for the people of fire-stricken Fort McMurray, Alta., Syrian refugees or earthquake victims in Ecuador.

But it can often be more advantageous, for both the giver and the recipient, to donate something other than cash.

"The ability to donate shares of stock is not utilized nearly as much as it should be," says John Bromley, founder and chief executive officer of Vancouver-based Chimp Technology Inc., which offers an online tool for charitable giving. (The name Chimp is derived from "charitable impact.")

"In my opinion it's because people don't always have access to the information about the advantages of giving shares or gifts that aren't cash," Mr. Bromley says.

In 2013 alone, Canadians donated $12.8-billion to charitable or not-for-profit organizations, according to Statistics Canada.

Yet many miss out on the tax advantages of giving stocks or in-kind goods, which is allowed under Canada Revenue Agency rules. Out of $10-billion in donations of $5 or more in 2013 for which the payment method can be determined, 65 per cent of the funds were given in cash, Statscan says.

One common misconception in Canada is that non-cash donations are only for high-net-worth individuals, says Youssef Zohny, director of wealth management and portfolio manager at StennerZohny Investment Partners, part of Richardson GMP in Vancouver.

"High-net-worth people definitely understand the strategy of donating shares to public foundations and charities. But there are advantages for smaller donors as well," he says.

The benefits are particularly compelling when a donor gives shares in publicly traded companies to charities that are not private foundations, says Andrea Thompson, senior financial planner at Coleman Wealth of Raymond James Ltd. in Toronto.

"There is no capital gains tax on donations of publicly listed securities gifted to these charities," Ms. Thompson says.

If you bought shares and they increased in value you'd normally have to pay capital gains on the profit when you sold them. But if you donated them to a charity you need not do so. So you not only receive a tax receipt for the donation, you're also not taxed on the profit because you've given it away.

These gifts can be made while you are alive, deferred until death or a combination of the two, says Toronto financial author Sandra Foster, president of Headspring Consulting Inc.

Gifts of shares can be made while you are alive, deferred until death or a combination of the two, says financial author Sandra Foster, president of Headspring Consulting Inc. DEBORAH BAIC/THE GLOBE AND MAIL

"They are often called 'planned' gifts because you can plan how and when to make them and when to claim your receipt," Ms. Foster says. "You can consider ways to make your gift as tax-effective as possible – and work with the charity to make a difference."

Mr. Bromley says people don't take advantage of this method of giving as much as they should because they don't have adequate information.

"Some financial advisers are not knowledgeable about the capital gains exclusion, or in some cases they might feel a conflict because they profit from the assets they have under management," he says. If an adviser's high-net-worth clients give away their stocks, the adviser will have less under management.

Charities also don't always provide the details, he adds.

"There are more than 85,000 registered charities in Canada. Only the top 5 per cent are large organizations.

"The others are driven by volunteers who often don't know about [the gift-of-shares advantage], or their charities aren't set up to accept the gifts. If you volunteer at an organization that doesn't have its own brokerage account, accepting the gift is not necessarily seamless," he explains.

In addition to offering tax advantages for those who donate stocks, bonds or options, the CRA also allows benefits for donors of "ecologically sensitive land" such as forests or wetlands and "certified Canadian cultural property."

Be careful if you think this means you can donate your scrubby backyard or that plaster bust of your ugly Uncle Henry, says Darren Coleman, senior vice-president and portfolio manager at Coleman Wealth.

"Donating items [other than securities] can be much more problematic, such as art, as they are hard to value and more difficult for the charity to liquidate. Charities need money, not artwork, in order to do their jobs," he says.

Special to The Globe and Mail

Quinten Griffiths, 28, is not looking to start a company. Rather, he wants to buy one from someone who is ready to retire. He wants to 'take a mousetrap and make it better.' JENNIFER ROBERTS FOR THE GLOBE AND MAIL

FROM PAGE 1

Millennials: They bring ideas, but not always cash

A small but apparently growing pool of them are looking to buy established businesses and carry them forward through to their own retirement.

Because of his engineering background, Mr. Griffiths, who is also founder of Chinook Capital Group, is looking for a company in a technical industry, admits that when he embarked on his search he felt somewhat self-conscious of his age.

"A lot of entrepreneurs I speak with, when I ask them, 'When did you start your company?', they say 28. I don't think age really has anything to do with it. From their perspective, I would look at it as nice to have a guy who's going to run their company for the next 20 years.

"If I'm 50, I'm going to start to look for an exit within five years."

Sean Foran, managing director of business transition planning at CIBC Wealth Advisory Services in Toronto, says he is seeing many business owners grapple with determining whom to hand over their company to.

The decision needs to be made rationally, he says, which can be challenging when family members are involved or want to take over, especially if they aren't what the business needs.

Boomers may also be reluctant to hand over the keys to a much younger person. "Preparation and communication are the areas where successions and transitions either succeed or fail," Mr. Foran says. "How effective are boomers and millennials at communicating with each other?"

Most business owners tend to sell to private equity firms or public companies, Mr. Foran says. However, that doesn't mean there won't be a future shift in who's buying.

"Transitioning a business is all about unlocking its true value," Mr. Foran says. "Perhaps what millennials bring is their energy, ideas and way of looking at the world. Millennials bring an entirely new perspective as to what's possible. Those are not insignificant.

"But typically, millennials don't have capital; typically they don't have managerial experience. They may have enthusiasm and energy, but 99 per cent of the time we're dealing with a business owner who wants to exit to someone who has more resources than them, more emotional energy and drive to take the business to the next level."

Toronto resident Steve Frenkiel is looking to acquire and take over a medium-sized business from a retiring owner. The 37-year-old president of LionRose Capital caught the entrepreneurial bug from his father, who ran a range of companies, from restaurants to retail shops, in his hometown of Montreal.

"It's in my DNA," Mr. Frenkiel says. "I spent lots of time buying businesses for my previous employer and knew eventually I was going to go out and do it on my own. I now spend all my time looking for a good business with an honest owner who's looking to retire and that's his motivation for selling, not because he has problems with the business."

Mr. Frenkiel is drawn to the idea of ownership. "Owning a business is all-encompassing. It's not for people who like a 9 to 5 job; it's for someone who likes to get immersed in something and be a real part of it. I like that dynamic of taking something and building on it."

He says he's aware of many millennials looking to acquire an established company, an approach to succession planning that he thinks could have far-reaching benefits.

"It's very natural for an owner who's thinking of retiring not to be focused on growth. So here's a young guy with energy, and having paid for the business, someone who's going to be highly motivated. In my mind, it's a very good way to help the economy, this transition of businesses to the next generation who's going to push that much harder to generate business."

As for financial backing, Mr. Frenkiel will say that anyone who is driven and resourceful enough to acquire and expand a business is also driven and resourceful enough to find sources of capital.

"A lot of business owners started out young themselves," he says. "It's not so much that they doubt the [younger generation's] experience; I think they want to make sure the commitment is there."

Special to The Globe and Mail

FROM PAGE 1

Perks: Offering them helps wealth firms go the extra mile

"Feeling truly valued and cared for – those basic human needs know no geographic or economic boundary."

Even in Canada, perks are common fare for firms dealing with ultra-high-net-worth clients – though to Mr. Sung's knowledge, they're not formalized in a menu format.

"We don't have an official book of experiences," he says. "But we certainly aim to provide different things to our clients that have them at the end of the day feel they trust us, are cared for and that they have a good experience in working with us."

Because of the highly personalized nature of high-net-worth wealth management, whether or not to offer perks is generally the prerogative of individual advisers.

"Advisers drive client service and perks," says Andrew Marsh, president and chief executive officer of Richardson GMP.

These may be behind-the-scenes access to the Calgary Stampede or exclusive sneak peeks at Toronto International Film Festival exhibitions. "These kinds of things are fairly typical across the industry," he adds.

Yet perks only go so far.

These clients "already have a lot of money, so for the most part, there isn't anything – if they truly wanted it – their money couldn't buy," Mr. Sung says.

Instead they are more concerned with receiving "enhanced services" to manage often complex financial circumstances.

To that end Richardson GMP recently launched a family office service for clients with net worth between $10-million and $150-million.

"What we found is there is a really large chunk of market with families with this level of wealth that isn't being served well," Mr. Marsh says. "They value wealth planning, wealth administration and preparing the next generation as much or more than they value investment management."

Private family offices are common in the United States, where there are more families with large sums of wealth. But in Canada it is mostly families with upward of $250-million in assets that choose to run their own teams of lawyers, investment advisers, business consultants, accountants and other professionals to manage wealth like a large corporation.

In contrast, families in the $10-million to $150-million range do not have quite enough financial might to afford their own dedicated team. Instead, their affairs are usually tended by a few firms, and consequently the

"These clients already have a lot of money, so for the most part, there isn't anything – if they truly wanted it – their money couldn't buy.

David Sung
President of Nicola Wealth Management, Vancouver

advice may be fragmented.

"The service level we're offering is almost acting as the family CEO and co-ordinating with all their other advisers," Mr. Marsh says, adding this involves consolidated reporting of a family's total asset base.

The wealth management landscape is changing, according to Mr. Marsh.

No longer is it sufficient to provide steady investment returns and protect capital. Canada's ultra-high-net-worth families expect more. They want to pass their wealth from one generation to the next while instilling in their offspring a sense of good stewardship and philanthropy.

"That's a different thought process than, 'I've got to make that 6 per cent a year,'" Mr. Marsh says.

Plans are customized, multifaceted and address interlocking needs for wealth preservation, estate planning, tax efficiency and legacy.

"They don't want proprietary product shoved down their throat," says James Porter, an executive vice-president with Cidel Asset Management. "They're looking to be treated like individuals."

And that's where the perks can indeed play a big role.

"They may be able to afford these things on their own, but we try to do it in a way that is meaningful," Mr. Porter says, adding the firm treated about a dozen clients who were "rabid Blue Jays fans" to box seats for Game 5 of last season's American League Division Series against the Texas Rangers, a game that happened to feature Jose Bautista's iconic "bat flip."

But "high touch" experiences quickly dissolve if the financial services offered do not fit what the client is looking for. Just ask Mr. Bentall: The firm that gave him tickets to the Olympics closing ceremony no longer advises his family.

So while perks can say "We care," Mr. Bentall says most people would "not base financial decisions on them."

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SPONSOR CONTENT

Prepare for a better future with a sound financial plan

To get where you want to go, talk with a wealth management professional

No matter what stage you're at in your career or your savings, you need a sound financial plan. It may seem obvious, but it's something that many people put off or avoid altogether, notes Amy Dietz-Graham.

"There's always a misconception that it's a lot of effort," says Ms. Dietz-Graham, portfolio manager and investment adviser at BMO Nesbitt Burns in Toronto. But financial planning is key to getting where you want to be.

"Not having a plan is like getting in a car but not knowing where you're going," Ms. Dietz-Graham says. "It will probably take you twice as long if you haven't got the directions to get there."

Research by the BMO Wealth Institute found that 64 per cent of Canadians have a financial plan, and 80 per cent of those people say that having one has helped them to achieve their financial goals.

"One of the biggest mistakes individuals make is just having a plan that meets their goals, but not stress-testing that plan to make sure that it can withstand not only a major decline in financial markets but also the major life events that keep Canadians awake at night," the institute said in a 2013 report.

Financial planning requires some thought and work, but it's not as difficult as many people imagine. That doesn't necessarily mean it's simple, Ms. Dietz-Graham says.

To develop a financial plan, individuals, couples and families should look at their current finances, their potential for earning and growing their savings, and how this matches with their goals. It's also highly worthwhile to get professional financial planning advice.

An expert like Ms. Dietz-Graham, part of BMO Wealth Management, will start by finding out as much as possible about clients' lifestyles and their goals. "We call it a discovery meeting. We cover everything," she says.

Amy Dietz-Graham, portfolio manager and investment adviser at BMO Nesbitt Burns

"It's really a matter of asking yourself: Where are you at today with your investing and savings, and what are you trying to achieve? What are you trying to get to – retirement, buying a cottage, paying for a child's wedding?"

People should ask those kinds of questions whether they're just starting out or once they have accumulated a substantial nest egg. It's as important for people with small savings to plan wisely as it is for high-net-worth individuals with $1-million or more in investible assets.

Meeting with an adviser to develop a plan involves more than small talk.

"I'll ask, how old are you? How much money are you making? Do you have a company pension plan? Do you have insurance coverage in case something goes wrong with that plan?" Ms. Dietz-Graham says.

"When do you plan to retire? Do you have children? Do you see yourself being financially responsible for your parents? Is your will up to date? We try to uncover what's really important to you and what are some of your concerns."

Ms. Dietz-Graham assures that all these questions lead to better answers about what should go into your plan. "It's more of a conversation," she says. "It's like going to the doctor. You have to tell the doctor about what's working well and what doesn't feel well so the doctor can give you a diagnosis."

She'll also ask people about the homes and vehicles they own, and whether they have already started saving on their own through registered retirement savings plans (RRSPs), registered education savings plans (RESPs) or tax-free savings accounts (TFSAs).

RRSPs, TFSAs and RESPs are excellent building blocks for a financial plan, but they're not the plan itself, Ms. Dietz-Graham says.

"A plan can have a lot of moving parts," she explains. "Financial planning means looking at everything in your financial life." That means also looking on the other side of the balance sheet – your mortgage, any car or student loans, lines of credit and credit card debt.

The benefits of a sound financial plan become especially apparent when markets are volatile and clients are uncertain about their investments, Ms. Dietz-Graham observes.

"Volatility is here to stay, with new technology and the speed at which everything moves," she says. That's why it's important to create plans with an adviser and manage them with regular reviews.

People should also consider other important elements that go into financial planning, such as making sure there's disability insurance coverage and that estate plans are up to date.

Ms. Dietz-Graham says she frequently encounters clients who say, "We've never really spent the time discussing what the future might look like because day to day we are just so busy."

Indeed, the BMO Wealth Institute report noted that "only a small minority of Canadians said they are very prepared to withstand" life events such as the death or disability of a spouse or family member or a divorce.

> **"One of the biggest mistakes individuals make is just having a plan that meets their goals, but not stress-testing that plan to make sure that it can withstand not only a major decline in financial markets but also the major life events that keep Canadians awake at night."**
>
> **– BMO Wealth Institute**

Ultimately, having a plan and reviewing it should lead to peace of mind, Ms. Dietz-Graham says. You should review the plan at least once a year, more often if the economy or your family's goals or priorities change.

"It gives you that calming sense to know that you have looked at your overall financial situation and have considered different scenarios, giving you a road map as you move forward," Ms. Dietz-Graham says.

FINANCIAL PLANNING

Stress-testing your financial plan

Creating a financial plan with the help of a wealth management professional is a great start toward a comfortable, secure future. It's also important to anticipate that sometimes life doesn't turn out exactly as planned.

Plans should be stress-tested – reviewed to see what might happen if a major life disruption like an illness or the death of a loved one leads to unplanned spending.

Only a minority of Canadians are prepared for the financial implications of such events, according to a 2013 BMO Wealth Institute survey conducted by research firm Pollara.

"At least three in four respondents said they would be facing a major or catastrophic financial hit in the event of disability (84 per cent), the death of their spouse/partner (76 per cent) or divorce/separation (75 per cent)," the survey explains.

Although many life event shocks are unpreventable and unforeseen, a stress test of your plan should reveal the proactive steps that can insulate you from the financial fallout.

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