

Achieving peace of mind, security as retirement begins

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For certified financial planner Karin Mizgala of Vancouver, the value of financial planning was most vividly illustrated by the experience of one of her clients, a woman in her late fifties.

“She was in a relationship, but she wasn’t sure it would endure, and she wanted to be sure she’d be okay on her own. Her finances were causing her a lot of anxiety,” says Ms. Mizgala, CEO of Money Coaches Canada and co-author with Sheila Walkington of *Unstuck – How to Get Out of Your Money Rut and Start Living the Life You Want*.

The client also admitted to feeling trapped in her job. “She was overwhelmed by the idea that she had to stay where she was for several more years, and just didn’t know if she could handle it,” says Ms. Mizgala. “But by examining her cash flow, investments and pension, and crunching the numbers, we found she was in a much better place than she thought.”

In fact, the woman was able to retire immediately. “She was completely shocked and delighted. She had no idea that that option would be available to her.”

As they went through the planning process, the client also learned that she was making better decisions than she thought, and she found it helpful to hear where she stood financially, relative to other people in her age group. “It gave her options, more confidence and the sense that she had a lot more control than she thought she did,” recalls Ms. Mizgala.

Clients who discover they aren’t on track to retire as early as they’d like also benefit from such a process, she stresses. “People sometimes procrastinate, because they’re afraid of what they’re going to hear, but anyone who breaks through that resistance is rewarded dramatically by peace of mind. And even those who realize they should have paid more attention find they’re able to make adjustments to get on track, once they have a plan.” For an Edmonton couple on the cusp of retirement, financial planning provided equally welcome benefits.

The husband had a defined benefit pension and was a do-it-yourself investor with assets scattered between nine different institutions. “It was getting to be too much for him to handle, and he was paying a lot of unnecessary tax on unregistered investments,” says Al Nagy, a certified financial planner and regional director at Investors Group in Edmonton. “But their biggest issue was certainty; they wanted to be sure they had enough.”

The couple also worried about a huge tax bill related to a capital gain of approximately \$800,000 that would eventually have to be paid on their cottage. “They loved their

cottage and wanted to keep it in the family. But they'd done their homework and knew that, after they were gone, their children would probably have to sell it to pay the taxes," says Mr. Nagy.

They believed that they had diversified their portfolio by dividing it between institutions. But a closer look revealed that they did not have an adequate mix of asset classes and investment styles, which the financial planning process remedied.

"We were also able to provide them with the certainty they sought, with a guaranteed investment fund that protects their capital and provides income they can count on to be there for them throughout retirement," reports Mr. Nagy.

Finally, he and his team recommended that the couple buy permanent life insurance to pay the tax liability on the cottage. "I'll never forget his reaction: 'How are we ever going to afford that?'" Mr. Nagy recalls. "I said, 'Well, the kids are going to eventually get the cottage, and they all have decent jobs, so why don't we get them to pay the premiums?'"

The result, he says, was "instant relief."

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