

What makes a good financial strategy?

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When you're going on a journey, there are three essential questions to ensure you have a great trip. How will I get there? How much will it cost? How will I deal with the unexpected? Answering these questions thoughtfully will allow for a more pleasant trip.

A written financial strategy serves the same purpose in the bigger picture of life. When you have a plan for your financial journey, it's easier to decide how you spend money, stay on track, manage unexpected expenses, and achieve your long term goals. It may also help to safeguard your assets when major life changes like retirement, marriage, children, divorce or job loss come along. So what makes a good financial strategy? Here are some critical components it should include¹.

1. **Goals** List all of your financial goals. Consider everything that matters to you, from paying off debt, buying a home, or saving for retirement, to whatever you want to do for your future. List all assets and liabilities you own, including real estate, vehicles, investments, and other assets. Determine your net worth and how it changes over time.
2. **Investment Strategy** Determine your investment strategy based on your goals, risk tolerance, and time horizon. Consider the types of investments you want to make, such as stocks, bonds, and real estate.
3. **Retirement Planning** Determine your retirement needs and how to fund them. Consider the types of retirement accounts you want to use, such as 401(k)s, IRAs, and RRSPs.
4. **Estate Planning** Determine your estate needs and how to fund them. Consider the types of estate planning tools you want to use, such as wills, trusts, and insurance.
5. **Tax Planning** Determine your tax needs and how to fund them. Consider the types of tax planning tools you want to use, such as tax-deferred investments, tax-exempt investments, and tax credits.
6. **Insurance** Determine your insurance needs and how to fund them. Consider the types of insurance policies you want to have, such as life insurance, health insurance, and disability insurance.
7. **Emergency Fund** Determine your emergency fund needs and how to fund them. Consider the types of emergency fund accounts you want to use, such as high-yield savings accounts and money market accounts.
8. **Components of a Good Financial Plan** [2]

If you have any questions about the components of a complete financial strategy [contact our office](#). [1]

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