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## **9 Ways to Destroy Wealth**

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Taking the time and effort to manage your money better is certain to pay dividends in the future. By following the rules of careful money management, it is possible to cut out wasteful outgoings and increase savings, which can mean being \$1,000s better off each year. Any of these extra savings can be put aside or spent on your next vacation, car, or even used towards your pension.

Read on to learn about the nine things (in **reverse order**) that are highly likely to have a negative impact on your personal wealth:

### **9 - Loyalty Card Points**

There is no benefit to collecting 5,000 loyalty card points if it means you have to spend \$5,000 to get there, which is certain to leave you in debt. In addition, there is the need to pay back interest, which makes it even more of a wasted venture.

### **8 - Impulse Buying**

A 2013 survey carried out on behalf of the Bank of Montreal found that nearly 13% of women and 21% of men made the unplanned decision to purchase a product or service. If the intention wasn't there in the first place, do you really need it?

### **7 - No Financial Strategy**

Not having a proper budget in place can make it difficult to manage all aspects of the finances. A survey conducted on behalf of Ipsos learnt that 29% of Canadians polled never put in the time or effort to create a budget.

### **6 - Lack of Asset Diversification**

Investing in a single asset or risk such as the housing market is certain to have a devastating impact if the market turns in the future. By investing in a variety of assets, it is possible for Canadians to avoid being overly exposed in a certain area.

### **5 - Waiting on an Inheritance**

Up to 40% of Canadians are relying on a future inheritance payout to help their finances, according to another Bank of Montreal survey, which is rarely a sensible idea. Inheritance is never guaranteed and should be seen more as a bonus. Moreover, the beneficiary of wills can change at any time.

### **4 - Not Maximizing Your Earning Potential**

A 2013 survey commissioned by the Canadian Imperial Bank of Commerce indicated that someone with an engineering degree can earn 117% more than those with a high school diploma. Also, a graduate in fine arts has the potential to earn 23% more.

### **3 - No Retirement Savings Plan**

In a survey polled by the Canadian Payroll Association it is reported that up to 76% of Canadians have only saved about 25% of what will actually be needed come retirement. Also, a 2013 report by Statistics Canada found that only 1/3 of the workforce has a recognized pension plan in place.

### **2 - Credit Card Over-Spending**

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Careless credit card management can soon lead to the build up of debt that is difficult to pay back, especially on those cards with high interest rates, which makes it difficult to make repayments much beyond the minimal monthly installment. Many Canadians have two, three, or more cards at their disposal which is usually entirely unnecessary.

## 1 - Divorce

The #1 way that wealth is destroyed is through a divorce. One of the last surveys commissioned by Statistics Canada back in 2011 found that approximately 43% of marriages break down and result in divorce within less than 50 years.

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## Do you have questions about your financial strategies?

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