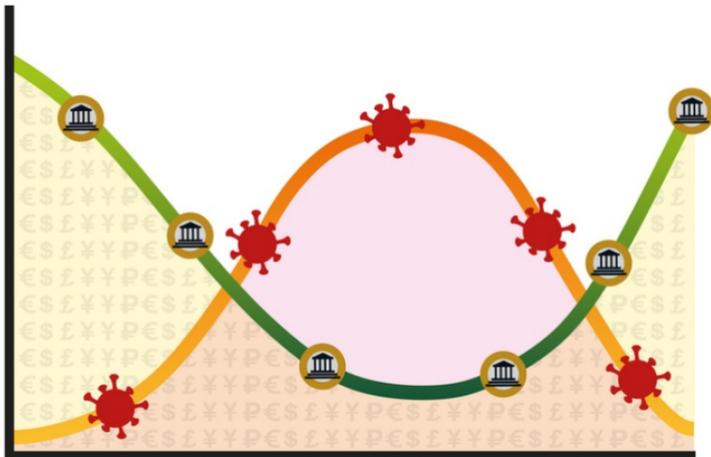


## Brad Brain: What will your recovery look like?

Brad Brain / Alaska Highway News

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Brad Brain: "If there is one thing that COVID-19 has made clear it is that unpredictable things can derail even the best plans, which means plans need to evolve to deal with change. So what does getting back to normal financially look like for you?"

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The green shoots of recovery are beginning to poke above ground. Certainly, I don't think that it is appropriate to get cavalier about COVID-19. But, sooner or later, the recovery will happen, and I do think we should be giving some thought to what that means for your finances.

If there is one thing that COVID-19 has made clear it is that unpredictable things can derail even the best plans, which means plans need to evolve to deal with change. So what does getting back to normal financially look like for you?

Let's start by taking a fresh look at your current situation. Grab your current investment statements, your insurance policies, your group benefits booklet, your will, etc. and refamiliarize yourself with how things stand right now. It's not unusual for people to have a fuzzy recollection of what they have on the go financially. Hey, I am no different than anyone else. If you asked me for specific details on my own stuff I would still have to look it up. And I am both the client and the advisor!

But if we are going to do some planning, it's important to clarify where we are starting from and what we have to work with. Not just account balances, but things like what is the interest rate on your mortgage and when does it come up for renewal? What are your RRSP and TFSA contribution limits? What type of life insurance do you have? These kinds of things.

The next step is to give some serious thought to what your financial objectives are. A vague objective such as "retirement" isn't much of an objective. Get specific. What exactly does retirement look like for you? How much is it going to cost? When does it start? Where does it happen?

Let's refocus on what is really and truly important about money to you. As the great Charlie Munger says, "A majority of life's errors are caused by forgetting what one is really trying to do."

Once you know where you are starting from and where you want to get to we can determine if you are on track. But retirement is not cheap. You may be retired for two or three decades in a rising-cost world, and that can be expensive.

If you do have a shortfall in your retirement income projections, you have four options: you can work longer, you can reduce your expectations, you can invest more, or you can seek a better rate of return from your investments. That's it. Obviously, some of these options will be more appealing than others. The question is, which is the right combination for you?

We have seen significant disruptions in 2020. Incomes have changed, expenses have changed, certainly investment account balances have changed. These things are facts of life, but by themselves they are not necessarily unrecoverable.

The issue is that if a person does not revisit their situation, does not refocus on their objectives, does not commit to their objectives. If they act the bystander, and just let all this disruption happen to their finances without doing anything about it, that's when they could wake up one day and shockingly realize how far off target they now are. A majority of life's errors are caused by forgetting what one is really trying to do.

Sooner or later life will get back to normal. Lets get your finances back on track too.

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