

Brad Brain: The things we don't get around to

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The other day I was riding my motorcycle to work. It was a gorgeous, blue-sky summer day. Usually I get the bike on the road as soon as possible, but not this year.

It wasn't just COVID-19 disrupting the normal rhythms of life, but we had so much rain this spring that I didn't get around to putting insurance on the bike until recently.

The bike is finally on the road, and I am really enjoying it. I rode past a few fields on the way into the office. When you are on a motorcycle, riding through the countryside is really cool. The colours are so vibrant — sun on your face, wind in your hair. You do not just see it, you experience it.

So, as I am riding past these fields, my thoughts, of course, turn to farm succession planning. Because that is just the type of guy I am.

Farm succession planning is a topic all by itself. There are specialized tax rules, as well as some unique emotional considerations when it comes to keeping the farm in the family.

But there are some aspects of farm succession planning that are pretty standard when it comes to estate planning in general. Specifically, as with me getting my motorcycle on the road this year, it can take a while for folks to actually do something about it.

I have always found the procrastination of important financial things to be an interesting phenomenon. Estate planning absolutely fits into that category.

Estate planning is arranging your affairs so that your final wishes get carried out the way that you want, and with minimum expense and delay. Who wouldn't want that? And yet, even though 100% of us are going to die one day, only 50% of us have a current will, one of the most basic elements of estate planning.

Another thing that people do, but shouldn't, is to delay looking at permanent life insurance. Yes, I get it that term insurance is almost always a better income-replacement solution for when you are young and have temporary needs like dependant kids and a mortgage. But term insurance also renews at higher rates and, aside from a premature death, its not that great for estate planning.

With permanent life insurance you can transfer your assets to the people and charities you care about, usually in the most efficient way possible. The younger you are when you buy life insurance, the cheaper it is. Permanent life insurance is not just for old, rich people.

Estate planning is not the only thing that people don't always get around to as early as they should. Another great example is Registered Education Savings Plans for kids. In my mind, opening an RESP should be a virtually automatic element of parenthood. It is often wise to put away a little money for your child's future education, and the earlier that you start the better.

Some RESP benefits don't even require that you contribute to the plan, you can get education grants just for opening an account. For parents, the RESP is one of those just do it situations.

Not starting early is a situation that is not limited only to education planning. Most people don't get started early enough, period.

Hey, I get it, when you are young there are things to do. I was once young myself. But compound interest doesn't care about why, it only cares about when. Get started making smart decisions about money as soon as possible.

It took me a while to get my motorcycle on the road this year, and as soon as I did I thought, "why didn't I do this sooner?" Don't make the same mistake with your finances. You don't want to say "why didn't I do this sooner" when it comes to money.

What is your thing you never seem to get to, but should? Don't put it off any longer. The sooner you start the easier it is.

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