

## Brad Brain: How to live your best financial life

Mar 29, 2021 4:24 PM By: Brad Brain / Smart Money



*Brad Brain: "For the people that aspire to one day to 'be done' - to have successfully achieved all their lifetime financial goals - here is a financial blueprint for a successful lifetime." | Getty Images*



Much of my work is with the Emerging Affluent, and those that aspire to be. I call the successful outcome to a lifetime of good financial planning "Being Done." When you are done, there is nothing outstanding left to do. You have arrived.

These are people who have put in a lifetime of hard work and good decisions and are now finally seeing the fruits of their labours. These are the people that have made it, or at least are close enough that the finish line is in sight.

For the people that aspire to one day to "be done" - to have successfully achieved all their lifetime financial goals - here is a financial blueprint for a successful lifetime.

The very first, most important thing: live within your means. As Charles Dickens wrote, “Annual income twenty pounds, annual expenditure nineteen and six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery.”

Protect your finances from catastrophic health events. Buy term insurance when you are young and have mortgages and dependents. Buy more coverage than you think you need because, if something happens to you, your widow and orphans will need more than you think. As your needs evolve convert the term insurance that you bought for income protection to permanent insurance for estate planning.

Buy both disability insurance and critical illness insurance, and buy proper policies, not the cheap stuff that comes with strings attached. Disability and critical illness coverage are similar, but they are not the same, and having both is best. A disability policy will replace your income if you can't work because you are hurt or sick. A critical illness policy will pay out cash if you are stricken with a covered condition, such as heart attack or cancer, to help you deal with your new reality.

Have a rainy-day fund that you can turn to in times of emergency or opportunity. Your RRSP is not a rainy-day fund. Taking the kids to Disneyland is not an emergency.

Have a debt paydown strategy, and never carry a balance on your credit cards. Take advantage of mortgage prepayment options. Pay your mortgage biweekly and set your mortgage payment so you pay a little extra each month.

Pay yourself first. Every month put money into your RRSP and TFSA straight from your bank account and live off the rest. If you wait until the end of the year to invest you will likely find that somewhere along the way you found a different use for the money.

Use the Registered Education Savings Plan for your kid's post secondary education expenses, but buy your own RESP, not a pooled RESP. I hate pooled RESP plans.

Take full advantage of the tax-sheltered plans like RRSPs and TFSAs. But use them intelligently and in the way they are intended to be used. If you use up your TFSA contribution room on a daily interest savings account, yes you will not pay tax on the interest, but how much interest is your daily interest savings account paying anyway?

Get a will and a power of attorney and keep them current. They will express your wishes about what you want to happen when you are not here to tell anyone what you want to happen. The power of attorney allows someone to act on your behalf in case you are not able to.

To be clear, life won't as simple as this “financial blueprint,” and it's impossible to cover everything in 600 words. Having said that, it is likely that if you do most or all these things, your lifetime financial picture is going to turn out pretty good.

One day you might even get to being done, and achieving all of your goals over your lifetime is about as good as it gets.

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