



INVESTING FOR YOUR FINANCIAL FUTURE

Saving now, while time is on your side, can help provide you with freedom to do what you want later in life.



YOUR FINANCIAL FUTURE STARTS TODAY

You have dreams of the life you have yet to live. Dreams that may include a nice home, travel to exotic places, and the time and money to live comfortably so you can look back and appreciate all that you have done. Your parents and grandparents called this phase of life “retirement,” but you may view it as something completely different. Perhaps you will still be actively working in a career you enjoy well into your 70s. Or, you may decide to leave your career and pursue a hobby or passion that keeps you busier than ever. Regardless of what this time of your life looks like, having the financial freedom to live it on your own terms means working hard today in order to save more for tomorrow. As concern grows over the future of the Canada Pension Plan, diminishing corporate-sponsored

pension plan benefits and rising healthcare costs, the need to develop an effective, ongoing saving and investment strategy could be more important than ever. The earlier you begin laying the foundation for your long-term future, the better your prospects of making those dreams come true, and the better you’ll feel knowing you’re doing the right thing.

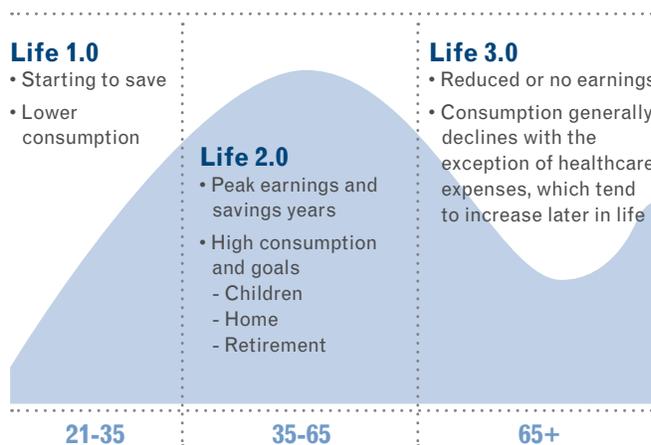
In this guide, you’ll learn some key advantages of starting your planning process early, common financial tools that your financial advisor may discuss with you, and some other information that we hope will help you make the right decisions moving forward.

LIFE 3.0

No matter what your vision of the future, by starting to save now you can help ensure that you can enjoy the financial freedom to make your own choices later in life. But achieving these goals takes planning and commitment, which can help you feel more in control and confident that you have the basics covered for your future while enjoying life today.

It all starts with careful preparation and realistic goal-setting – figuring out where you are now, where you would like to be and what you need to get there. Depending on where you are in life, you may have many different goals and responsibilities to consider. For example, if you're raising a family, buying a new house may be on your to-do list or perhaps sending your kids to college is a top priority. Both are goals that could affect how you live your life today and plan your financial future.

Over time, your priorities will change. But, there's one thing that should remain constant no matter what your priorities – taking a long-term view when it comes to saving for your financial future. The visual below illustrates how your spending and priorities may change as you move through the different phases of your financial life.



- In your 20s and early 30s, your spending is low and you begin putting money away to meet your long-term financial goals.
- Your late 30s through age 65 are your peak years when it comes to earning and saving, as well as meeting some goals such as purchasing a home and sending children to college.
- Around age 65, your earnings will decrease as you transition to the next phase. Spending usually decreases with the exception of healthcare expenses, which typically increase later in life.

The sooner you begin assessing your future needs and developing strategies to achieve them, the more likely you are to secure them. A financial advisor has all the tools to help you plot your course toward a financially secure future.



YOUR VISION FOR THE FUTURE

Before designing your investment plan with a financial advisor, consider your goals and vision for the future and establish which priorities you'd like to focus on. Ask yourself:

- 1. How much can I put into savings each month?*
- 2. What activities or expenses (new car, home electronics, hobbies, travel) do I want to fund while saving for the future?*
- 3. Am I willing to put all or a portion of my bonus, tax return or other income toward a long-term investment strategy?*
- 4. What are my goals and aspirations for the future?*
- 5. What challenges could I face?*
- 6. Am I taking full advantage of all the employer-plan benefits I qualify for?*

Be sure to discuss your answers with your financial advisor, so you can start incorporating your life's plans into your overall financial plan.

TIP

Create a budget and stick to it – An important part of the financial planning process is taking a close look at your expenses to see where you can make adjustments to your spending. Creating a budget will allow you to get a handle on your debt and contribute more to saving for the future.

THE REST OF THE JOURNEY

Once you have identified your goals, the next step is to develop a well-crafted financial plan and stick to it. Your financial advisor can help guide you through this complex process, which can involve different strategies such as:

- Maximizing contributions to your employer's retirement plan, such as a group pension or RRSP, and taking advantage of any match programs.
- Rolling over assets from a previous employer's plan into a Locked-In Retirement Account (LIRA).
- Investing separately from your employer-sponsored plan or through an RRSP or Tax-Free Savings Account (TFSA). Discuss tax implications of both with a tax professional to determine which best meets your needs.
- Evaluating insurance options to help protect you and your loved ones in case of unforeseen events.

TIP

If you have recently changed jobs or are planning on doing so soon, you should consider rolling over your current employer-funded retirement benefits into a Locked-In Retirement Account (LIRA). Doing so can give you a wider range of investment options while allowing your money to continue to grow tax-sheltered. A financial advisor can help you explore all your options and make the best possible decision regarding your assets.

MORE ABOUT TAX-SHELTERED INVESTMENTS

Individual registered retirement plans (RRSPs) and Tax-Free Savings Accounts (TFSAs) are personal savings plans that offer specific tax benefits. All investment income earned in an RRSP or TFSA account is tax-sheltered, meaning no tax is payable on any investment gains while left inside the account.

But there are differences. Contributions made to an RRSP give you a direct tax deduction against your earned income, reducing your personal taxes payable. With a TFSA, you don't receive an income tax deduction. However, withdrawals can be made tax-free from a TFSA, whereas RRSP withdrawals are fully taxable as earned income.

And qualifications for each account are different as well. The amount that you can contribute to an RRSP is based on a specific calculation: 18% of your earned income from the prior tax year, less any adjustments made for work pension plan contributions. For a TFSA, your income doesn't matter - every Canadian aged 18+ can contribute the same amount each year. For 2019, the amount is \$6,000.

Assuming you qualify to use both, which type of account is best for you? The TFSA may very well make more sense if you want to minimize taxes in the future and preserve more assets for your beneficiaries. But an RRSP may be better for you if you want to lower your annual tax bill while you're still working, or participate in the Home Buyers Plan or Lifelong Learning Plan. Regardless, the best course of action is to consult a financial professional or tax advisor who can help you pick the right type of account.

TIME IS ON YOUR SIDE

When it comes to your financial future, the most important factor in your favour is your age. By starting to save and invest now, you have the ability to take advantage of compounding growth over longer periods of time. Compounding means you earn interest on the money you invest – potentially enabling you, with time on your side, to turn a small sum into a substantial one.

Giving yourself time to benefit from compounding can make a significant difference when it comes to saving for the future. Let's take two investors, John and Jane Smith. John starts saving today, and Jane waits 10 years before starting to invest.

	John	Jane
Years 1 – 10	\$2,000 per year	\$0 per year
Years 10 – 20	\$2,000 per year	\$4,000 per year
Total amount invested	\$40,000	\$40,000
Investment Return (7%)	\$41,991	\$15,266
Total Portfolio Value	\$81,991	\$55,266

As this example illustrates, in the same 20-year period, John's \$40,000 investment spread out over the course of 20 years would earn more than twice as much in returns as Jane's \$40,000 invested in the second 10 years. Investing over the long term allows you to take advantage of compounding interest, and adjusting your current lifestyle to allow for investing makes saving even easier as you grow older, wiser and wealthier.

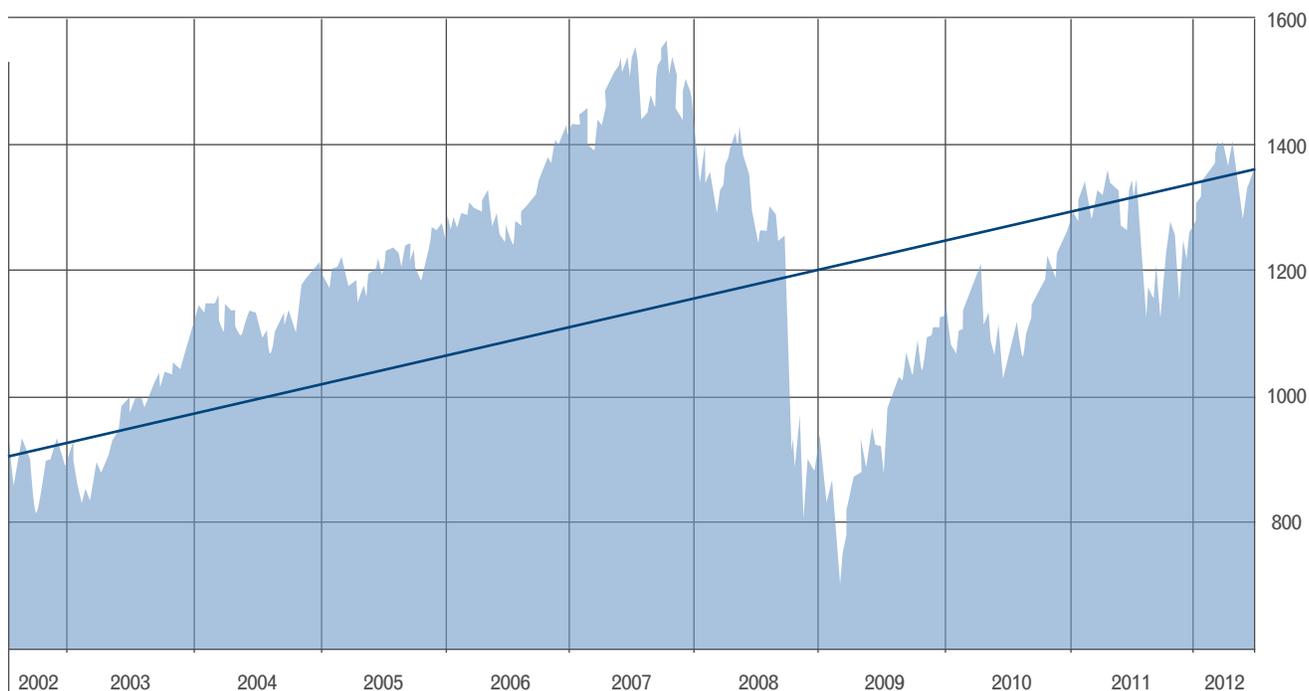
This is for illustrative purposes only and not indicative of any investment. There is no assurance any investment strategy will be successful. Investing involves risk and investors may incur a profit or a loss.

THE IMPORTANCE OF STAYING INVESTED

Investing over the long term takes a lot of patience, and fortitude. It is only natural to want to pull your investments out of the markets when they take a dive and sit on the cash on the sidelines until conditions improve. However, investors who attempt to time the market run the risk of missing periods of positive returns. Even professional money managers who devote all their time and resources to studying the market can miss its ups and downs. Market drops and economic troughs are part of the journey in long-term investing, and using time to ride through market volatility and using the average long-term returns of the market to get compounded returns is the best way to reach your goals.

LONG TERM GAINS (2002-2012)

Although experiencing several periods of notable volatility the S&P 500 Index has in fact risen 35% over the past 10 years.



Volatility in the markets has been at historical levels recently, and major indexes like the S&P 500 often experience periods of downturns, but a look at the S&P's performance over just the last 10 years shows a 35% rise. When investing for the long term, don't get hung up on the day-to-day movements in the market and just keep your eye on the big picture.

The S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the U.S. stock market. An investment cannot be made directly in an index.

DOLLAR COST AVERAGING

By investing money on a regular basis, you can take advantage of dollar-cost averaging. A time-tested investment strategy, dollar-cost averaging allows an investor to purchase securities in fixed dollar amounts regularly at fixed intervals, regardless of how the security is performing. The table on this page is a hypothetical example in which \$1,000 is invested each month for the year in an individual stock.

When a security is performing well and has a higher purchase price, you buy fewer shares, but when the security is down in price, your dollars are at work buying more shares. In this way, you are investing the same amount whether the market is up or down, which eliminates the emotional side of investing.

	Monthly Investment	Share Price	Number of Shares Purchased	Cumulative Account Value
	\$1,000.00	\$13.55	73.80	\$1,000.00
	\$1,000.00	\$12.20	81.97	\$1,900.37
	\$1,000.00	\$11.35	88.11	\$2,767.97
	\$1,000.00	\$10.90	91.74	\$3,658.22
	\$1,000.00	\$10.00	100.00	\$4,356.17
	\$1,000.00	\$10.75	93.02	\$5,682.88
	\$1,000.00	\$11.65	85.84	\$7,158.66
	\$1,000.00	\$11.95	83.68	\$8,343.00
	\$1,000.00	\$12.50	80.00	\$9,726.99
	\$1,000.00	\$12.95	77.22	\$11,077.16
	\$1,000.00	\$13.55	73.80	\$12,590.39
	\$1,000.00	\$14.95	71.17	\$14,054.98
Total :	\$12,000.00		1,000.35	\$14,054.98
Average cost per share :		\$12.00		
	Gain	\$2,054.98		

Dollar cost averaging does not assure a profit and does not protect against loss. It involves continuous investment regardless of fluctuating price levels of such securities. Investors should consider their financial ability to continue purchases through periods of low price levels. This hypothetical example is for illustrative purposes only and is not intended to imply or represent a specific return on any particular investment. It also does not reflect fees, charges or taxes associated with any particular investment, which would reduce the total return. Past performance is not indicative of future results.

RISK, DIVERSIFICATION AND ASSET ALLOCATION

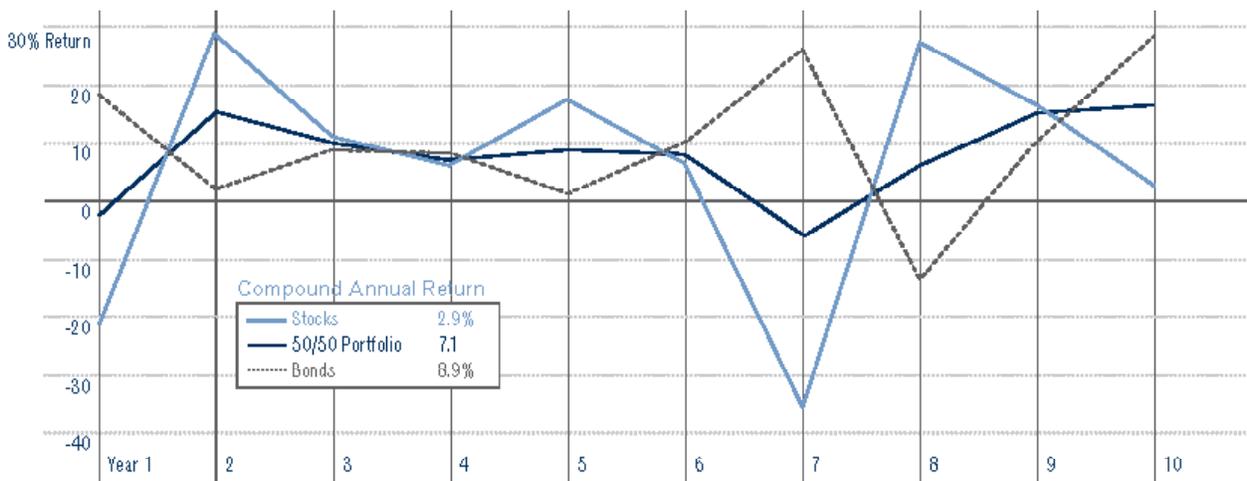
Of course, the main question that all investors have is: "Where do I put my money today in order for it to grow and be there for me when I need it in the future?" The stock market is a volatile place, and the yearly, monthly and even daily fluctuations of the market can be unnerving. But as a long-term investor, you can more easily withstand market volatility and the risk inherent in that volatility through diversification and asset allocation.

Whether you consider yourself an aggressive, moderate or conservative investor, diversification should have a place in your portfolio. By diversifying your savings among several asset types, losses in some areas in your portfolio are often offset by gains in others, thus decreasing your overall risk. Diversification may also allow you to take advantage of the growth potential in different sectors of the financial markets.

An asset allocation strategy is also one of the best ways to manage inherent risk by distributing savings among a variety of asset types that behave differently in certain market environments. Over time, different categories of investments tend to cycle in and out of market favour. Stocks, bonds, cash and cash equivalents often react differently to economic and market events. In theory, their independent behavior means your overall portfolio will find a balance as one asset class does better than another.

THE CASE FOR DIVERSIFYING (2002-2011)

Diversifying your portfolio makes you less dependent on the performance of any single asset class.



Past performance is no guarantee of future results. An investment cannot be made directly in an index. Time period illustrated is from 2002 to 2011. This time period was chosen as a dramatic illustration of stock and bond return behaviour and how their often opposite movements reduced portfolio volatility. This is for illustrative purposes only and not indicative of any investment. Created by Raymond James using Ibbotson presentation materials. ©2012 Morningstar. All Rights Reserved.

There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices rise. There is no assurance any investment strategy will be successful. Investing involves risk and investors may incur a profit or a loss.

Asset Allocation and Diversification do not assure a profit or guarantee against a loss.

At this stage in your life, you and your advisor may discover that you're better positioned to withstand short-term market fluctuations than older investors, enabling you to allocate a significant portion of your portfolio to growth-oriented investments. As you grow older and your needs and objectives change, you can systematically move your assets to less volatile, value-oriented investments. Keep in mind that stocks (and certain other securities) may provide more potential for appreciation than investment-grade fixed income securities. But they also entail more risk, so be sure also to discuss that with your advisor.

Because you are starting now, you have many years to build your future wealth, and the right mix of investments can be key to your long-term success. Your financial advisor can help you find an optimal mix of assets to hold in your portfolio and ensure it remains aligned with your changing needs and objectives.

KEY TERMS TO KNOW

Asset allocation - *simply means spreading investments over a variety of asset categories, such as equities, cash or cash alternative investments, bonds, real estate, foreign securities, and possibly even precious metals and collectibles.*

Diversification - *one of the most common ways to reduce risk is to develop a portfolio of investments that is balanced in terms of the types of assets in which you invest. In other words, in designing and managing an investment portfolio, don't put all your eggs in one basket.*

Equity - *a stock or any other security representing an ownership interest.*

Fixed Income - *a bond or an investment that provides a return in the form of fixed periodic payments and the eventual return of principal at maturity.*

Principal - *the original amount invested, separate from earnings.*

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Asset Allocation and Diversification do not assure a profit or guarantee against a loss.

MORE IN YOUR POCKET, NOT THE TAX MAN'S

We all have to pay taxes, but they can significantly reduce returns on investments, which can impact your portfolio. To encourage Canadians to save more, the government created several tax-favoured savings alternatives. Tax-deferred investment accounts include RRSPs, company-sponsored pension plans and TFSAs. You may have access to one or more of these investment plans through your employer.

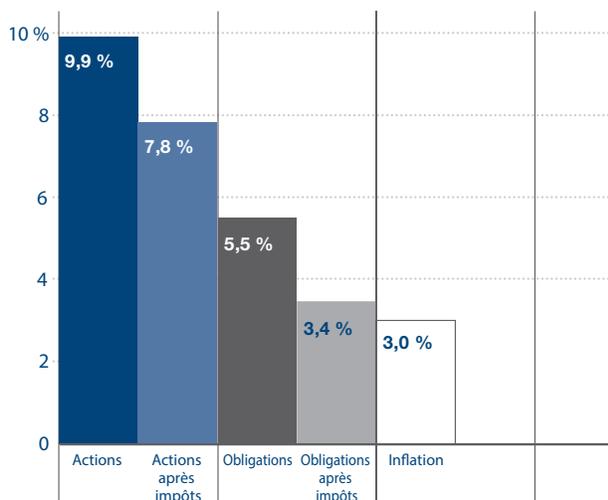
Investing on a tax-deferred basis means paying taxes later rather than sooner. Any appreciation or interest earned on these investments grows without being taxed. Of course, funds generally become taxable upon withdrawal (except in the case of TFSAs, from which withdrawals are tax-free).

While most investments are ultimately taxable, deferring taxes by delaying the sale of an investment is often possible and, over time, potentially can result in substantial gains. However, taxes on income, such as dividends or interest must be paid annually.

Talk to your financial advisor to learn more about these investment accounts and to your employer to learn about the plans it sponsors.

TAXES SIGNIFICANTLY REDUCE RETURNS 1926-2011 AVERAGE RETURNS

Intuitively, you know that taxes reduce the earnings you retain. This chart illustrates just how much they could affect your long-term investment strategy.



Savvy tax-planning strategies can be a major component of a financial plan, potentially giving you extra cash to meet your needs and wants. Take advantage of tax minimization strategies and vehicles by working with an advisor who understands options that could help you.

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Federal income tax is calculated using the historical marginal and capital gains tax rates for a single taxpayer earning \$110,000 in 2010 dollars every year. This annual income is adjusted using the Consumer Price Index in order to obtain the corresponding income level for each year. Income is taxed at the appropriate federal income tax rate as it occurs. When realized, capital gains are calculated assuming the appropriate capital gains rates. The holding period for capital gains tax calculation is assumed to be five years for stocks, while government bonds are held until replaced in the index. No state income taxes are included. Stocks in this example are represented by the Standard & Poor's 90 index from 1926 through February 1957 and the S&P 500 index thereafter, which is an unmanaged group of securities and considered to be representative of the U.S. stock market in general. Government bonds are represented by the 20-year U.S. government bond, and inflation by the Consumer Price Index.



PLANNING FOR YOUR FUTURE: THE SOONER, THE BETTER

By getting started on your financial future now, you begin a process of saving that will only get easier as you grow older. And because you have many years ahead of you to save toward your goals, your investments will be better able to withstand the ups and downs of the markets through the years. Plus, every dollar you put away now will grow that much more through reinvestment and compound interest.

And as with any long-term endeavour, you will need to regularly reassess your plan in light of your changing needs and circumstances. As you grow older, major life events like births, graduations, weddings, career moves and large purchases may cause you to adjust your financial plan. Your Raymond James financial advisor will work with you to periodically review your retirement plan to determine whether:

- It's accurate and up to date
- There are steps to take to improve your financial situation
- Your priorities have changed or should change
- Your retirement savings are growing or are at least stable
- You're on track to achieve a comfortable and secure financial future

YOUR FINANCIAL FUTURE STARTS TODAY

Just by inquiring about financial planning, you have already begun the process. Your next step is simply having a conversation with your financial advisor. Determining your needs and setting your goals is a lot easier when you are discussing them with a professional whose job it is to understand where you are in life and how to help you get to where you want to be.

Your Raymond James financial advisor has the tools and resources to help you fully analyze your current situation and gain a firm understanding of the dynamic forces that can influence your portfolio. Together, you and your financial advisor can create a workable plan for the future that considers your current lifestyle, your assets, your income and your tolerance for risk.

Call a Raymond James financial advisor to get started now.

LIFE WELL PLANNED.

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