Freedom 55 Financial
A division of London Life Insurance Company

your financial security

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Understanding risk and how to manage it

Risk is part of life. Without taking the occasional risk, we may miss opportunities – opportunities with the potential to help us make the most of life. The key is to take sensible risks that suit your temperament, whether you are conservative or adventurous.

The same can be said when it comes to investing in financial markets. By taking a long-term approach to investing and understanding your tolerance for risk, you can build a strategy that will provide a reasonable opportunity for success.

It's also important to understand that risk is a relative term when creating your investment strategy. You can't eliminate it, but you can reduce it – and even learn to use it to your advantage.

The effects of risk are typically seen on your statement over the short-term – these are the natural ups and downs of financial markets. By staying the course and focusing on your long-term goals, you can improve your investment outlook over time.

It's all too common to look forward to a time that's comfortable and hope things will work out; but waiting for the best time to invest means sitting on the sidelines.

Choose the right investment mix for you

The right combination of investments in your portfolio is important. You need to select an investment mix that reflects your comfort with risk, your investment objectives, and your time horizon. Your financial security advisor can help you define your personal investment style.

A broad range is often more stable

By investing in a range of funds that represent different industries or geographic regions, your money may be better protected than if you selected only one or two funds. This approach, known as diversification, can help reduce the impact of market ups and downs.

Spread out your investment purchases

Combining diversification with a strategy known as dollar-cost averaging further helps to smooth out the ups and downs of market cycles. It means investing smaller amounts at regular intervals, rather than saving up to invest in one lump sum. You avoid jumping into the market at peak times by purchasing more fund units when values are low and fewer fund units when values are high.

When it comes to investing, it pays to have a solid strategy. Starting as soon as possible, understanding your personal investment style, holding a diverse mix of funds and spreading your investment purchases over time are all ways to help achieve your goals.

Talking to children about money

Wondering how to have the 'money talk' with your children? Now is the perfect time to introduce or revisit simple lessons on spending and saving. Here are some fun ideas and tips to put them on the road to financial success:

- **Set a good example –** Even before children are old enough to ask you questions, they're already observing your attitude about money. So be mindful of what you do around them.
- **Start early –** Children can be introduced to coins and piggy banks around the age of five. It's fun for them to put coins in a piggy bank and see the value of each coin and how they add up. Money games – whether they are online, homemade or board games – are great teaching tools that make learning fun.
- **Use real life events –** Shopping, errands and planning a vacation are good opportunities to start a conversation about money. Explain why you're doing things a certain way and encourage questions.
- **Go beyond spending –** Often we only show children how we spend. Take them along when you save, donate and invest to understand the full spectrum of money management.
- **Explain needs versus wants –** Show children the difference between purchases they need versus what they want. Going shopping with a list, or using stacks of coins to represent household expenses, can make the discussion more tangible.
- **Give an allowance –** While there's no consensus on whether children should do chores for cash or be given money to cover fun indulgences, stick to what you decide and don't give cash advances.
- **Encourage saving –** Consider paying interest on what children save from their allowance. Matching a percentage of their savings is another great reward and shows the profit-making potential of saving money. Having their own bank account makes them feel grown up and encourages good habits early.
- **Make a plan –** Help older children brainstorm ways they can use their time and talent to start their own small business, such as dog walking, snow shoveling, or raking leaves. When children earn their own money, they look at it through new eyes and become more conscious of how they use their hard-earned dollars.

Is your insurance protecting you or your mortgage lender?

Buying a home is the largest investment most of us ever make.

Most people buy home insurance to cover the cost of fire or theft. What about ensuring your family's ability to maintain their lifestyle? Many banks and lenders will offer you mortgage insurance to cover your mortgage in case you die. Know the difference between mortgage insurance and personal life insurance to make sure you're protecting you and your family – not your lender.

	Personal life insurance	Mortgage insurance
What happens if I die?	Money goes to whomever you choose, such as your spouse or children.	Money goes to the lender to pay off the mortgage.
What is my coverage like?	Your coverage stays the same as you pay down your mortgage and your monthly payment doesn't change.	You're typically only covered for the remaining mortgage balance. The amount of coverage decreases as your mortgage is paid down, but the monthly payment doesn't decrease.
How flexible is it?	Very. You can often convert to other types of life insurance when the time is right. Coverage follows you if you move and there is sometimes the flexibility to take a break from payments or change your monthly payment amounts.	Not very. You typically can't make changes as your needs change and there is no payment flexibility. Usually covers your current home. If you move, you may need to reapply and pay a higher monthly payment for the same coverage.
Who owns what?	You own the policy, giving you control over a variety of options.	The lender owns the policy, which cannot be moved to another lender.
What are my options?	Your life insurance can continue, and you have options to adapt the coverage to meet evolving needs.	You no longer have insurance.

Get added value

Know your options before negotiating with your lender to help ensure you get what you want. A financial security advisor with Freedom 55 Financial can help answer questions about how to get the most from your new home purchase and financial security plan.

Proof that Canadians value their financial security plan and financial security advisor

It's been said that a goal without a plan is just a dream. That's particularly true when it comes to financial goals, where the ability to turn your dreams into reality begins with a financial security plan created for you by a financial security advisor.

A financial security plan helps provide a road map for a more financially secure future. Taking more control over your financial destiny has also been shown to significantly improve your emotional well-being.

According to a nationwide study by the Financial Planning Standards Council, Canadians who engage in financial planning:

- Worry less about money than Canadians with no financial plan
- Feel they are better prepared to deal with unexpected financial emergencies
- Are more able to enjoy annual vacations and the occasional splurge
- Feel more confident that their loved ones will be financially secure in the event of their death[3]

In fact, 81 per cent feel on track with their finances compared to 44 per cent who say they do no planning.[3]

That sense of empowerment is just one benefit of working with a financial security advisor:

- The average net worth for advised investors is nearly three times greater than that of non-advised investors.[1]
- Canadian households who work with a financial advisor accumulate more than one-and-a-half times more assets than identical non-advised households over a period of only four to six years.[2]
- Canadian households who work with a financial advisor to develop a comprehensive financial plan are more than twice as likely to report that they feel on track to retire when they want to compared to those without a plan (50 per cent versus 22 per cent[3]).

Why go it alone? Establishing a relationship with a financial security advisor who can help you develop a tailor-made financial security plan means you'll be more prepared to successfully navigate life's ups and downs and still achieve your goals.

[1]Investment Funds Institute of Canada, The Value of Advice: Report, November 2011
[2]CIRANO – Center for Interuniversity Research and Analysis in Organizations, An Econometric Analysis of Value of Advice in Canada
[3]Financial Planning Standards Council, The Value of Financial Planning

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