INVESTOR'S
Edge

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Three financial New Year's resolutions to explore

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In 2022, nearly a quarter of Americans made New Year's resolutions to live more economically, according to Statista. Here are a few similar resolutions to help improve your overall financial well-being.

The New Year is the perfect time to think about your financial future and what you might do differently to prepare, especially as several governmental agencies announced contribution increases for retirement accounts and cost of living adjustments for Social Security in October 2022.

Just those increases alone create a good reason to meet with your financial professional to review your wealth plans and determine if your goals are still being met, especially in today's inflationary economic environment and still somewhat volatile markets. While setting up that meeting, also consider these three New Year's financial resolutions that may be practical to accomplish this year.

Complete a family inventory — The family inventory workbook is a helpful tool for listing and sharing financial asset information with family members. Investors often use it as a part of estate planning, creating a quick-access guide of your family's current financial status for your heirs, including personal and health information, financial information like banking, investments and insurance and identifying other estate planning information like a will or trust information.

By having your assets inventoried, if an emergency were to happen to your family, your loved ones would have access to your wishes and knowledge of your documents, making it easier for them to confirm that your wishes are fulfilled.

Develop or update your estate plan — Estate planning is an important financial goal for everyone to address because it helps your family to manage your financial assets after death. Start with the family inventory, and work with your legal professional to determine if a will or trust will work best for your family.

A key decision that may affect the estate planning choices you make is determining how you want your family

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legacy to continue for generations in the future. By bringing your children and heirs into the conversation, you create an opportunity for your family to jointly plan how your family wealth will continue to meet your family wishes throughout the years.

If you already have a will or trust, be sure to review your estate planning documents to confirm they continue to meet your wishes. If it's been three years or more since your last review, looking through your will or trust at this time can help you identify any estate planning goals that need to be added or updated, based on changes in your life or family. It may also be an opportune time to determine if there are new strategies available to help your family meet your objectives.

Finally, an important step in estate planning that often is missed by families is communicating about those plans. Often, when that happens, the result is family strife later on, as well as confusion with loved ones on if they're fulfilling their parents' wishes.

A good way to start this conversation is by talking about the family legacy. It can make it easier to enter the discussion of the family estate and how your children and heirs will continue building that legacy.

Consider health care planning — With the costs of health care increasing, developing a long-term care plan is still important. Estimated monthly costs of a private nursing home are now at $9,034 and a home health aide costs $5,148, according to Genworth.

Medicare doesn't cover most long-term care support and services expenses, according to the Department of Health and Human Services, though Medicaid may provide some help when a patient is diagnosed with a chronic disabling condition. Because it's impossible to predict if your family will experience long-term—or chronic—medical costs, long-term care insurance may provide a solution if they were to occur. Only 11% of Americans purchase long-term care insurance, according to Urban Institute, but it may be essential to help protect your assets, and those of your adult children.

Often, investors explore long-term care planning for themselves, but many children in the Sandwich Generation find themselves also needing to think about long-term care expenses for their parents. While developing a long-term care plan, work with your financial professional to look at long-term care insurance solutions for several generations in your family. With careful planning for all generations, the hope is your family will not experience cash flow needs or need to borrow against your portfolio to cover an emergency.

Get started on your 2023 financial resolutions today

Work with your financial professional to discuss your specific goals and circumstances. He or she can help you decide whether completing the family inventory, evaluating estate plans or financing potential long-term care needs may be worthwhile financial resolutions for you to accomplish this year. He or she can also recommend other strategies to implement in 2023, based on your unique life, family situation and what you envision for the future.

How to develop a long-term financial game plan

When discussing long-term wealth planning, your financial professional may help you look at your big picture to confirm that all goals are being addressed, without creating conflicts between them.

If you have assets housed in different financial institutions, it may be difficult for your financial professional(s) to generate a big picture wealth plan for you. Other unintended consequences of not having a single view of your investments may include over-diversification, conflicting advice or unneeded duplication intended to achieve goals.

To help avoid these potential financial missteps, there are a couple of things you can do.

One is to consider consolidating your investment portfolios into one account or set of accounts with one financial professional at one institution. Another is to ask your financial professional if he or she has tools that will help aggregate your investment information into one convenient place that you can both use to make well-informed decisions.

The financial professional who provided this newsletter to you may be able to help you with both of these approaches.

Wealth transfer

Imagine walking into a house and knowing that in the hall closet, you will find the important paperwork giving you ownership of the home. You open the closet, and a shower of papers cascade down upon you, completely unorganized and not easily identified. That scenario is often what happens figuratively when children inherit wealth without a good wealth transfer plan in place.

Completing the Family Inventory (also highlighted in our cover story) may be an effective way to help your heirs find the information they need, at a time when they may be grieving and experiencing a wide range of other emotions. Giving a completed copy to your financial professional may also help him or her have a complete picture of your financial affairs to help you make smart choices about both your investment portfolio and your estate planning strategies. Plus, you enjoy peace of mind, knowing your loved ones will have one point of contact to help them manage their inheritance through your estate plan. As it's impossible to predict the future, having your wealth transfer plan documented in place now may be a benefit for your family in the future—when needed.

Establishing a long-term financial game plan is one step toward helping your family feel confident about your future wealth and achieving your financial goals. Use the start of the year to sit down with your financial professional to discuss your wealth plan and how you can be prepared for unexpected surprises.

Preparing for potential big tax bills

While tax situations may change annually, you can develop a long-term plan for addressing big tax bills when they happen. Work with your financial professional to determine situations in your wealth plan that may cause this to happen (i.e. selling a business, receiving an inheritance or making required minimum distributions from your retirement accounts). Identifying these situations in advance allows you to determine a game plan for having funding available to cover those tax bills.

One option is to establish an RBC Credit Access Line, offered by Royal Bank of Canada. This provides you with same-day liquidity, offering you the flexibility of maintaining your investment portfolio and keeping your long-term financial strategy in place, while also having liquidity to cover your tax debt.

Even if you work with your financial professional and tax advisors throughout the year in anticipation of the annual tax bill, it's still a good idea to have a strategy in your wealth plan to help cover surprise large tax bills.

IMPORTANT: The projections or other information generated by WealthPlan regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results may vary with each use and over time.

Why wealth planning is a process, not a product

Just like death and taxes, everyone will experience changes throughout life that may impact a solid wealth plan strategy. Births and deaths in the family, marriages and divorce and starting or ending a career are common life changes. Some people will experience significant wealth changes, and some will face political, health or even environmental situations that may cause disruption in their family lives.

Wealth planning should be considered a process and not a product. It is not something you do once, then put in a drawer and forget about. On the contrary, your wealth plan should serve as the foundation for ongoing conversations with your financial professional about your financial goals and how to achieve them.

A good wealth plan also includes strategies for the what-if situations—like when life changes happen. Maybe the change is creating the need for a new goal, or an adjustment to a current goal? Once you have your wealth plan developed, it's important to review it frequently. Reasons include:

Market changes — Markets are constantly changing, which may impact how your wealth plan is achieving your goals.

Relationship changes — As children are born into the family, or people pass away or get married or divorced, any time you have a relationship change in your family, it's a good idea to review your beneficiaries and estate plans to confirm that your wishes are still being accommodated.

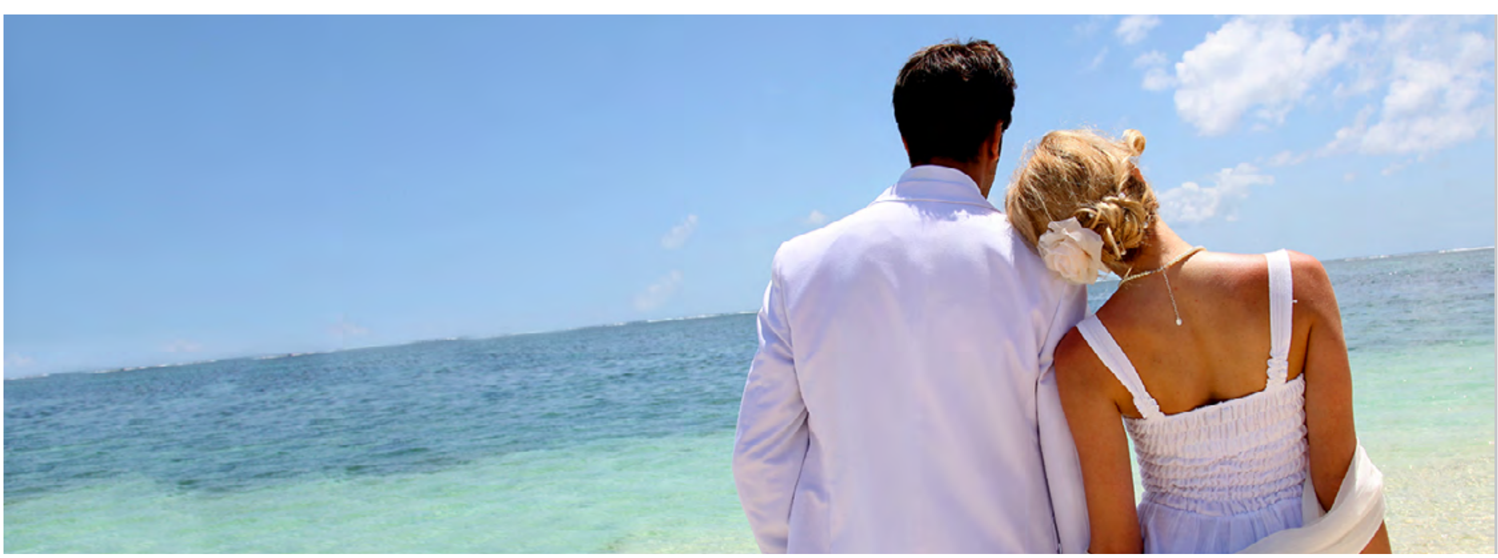
Location changes — Taxes and legislation vary between communities, states and countries. Your wealth plan may need a complete strategy review if you move to a new state or country to accommodate your new location of residence.

Career changes — Building or selling a business or changing jobs can influence a wealth plan. Even losing a job affects health insurance or retirement savings plans. Be sure to review your wealth plan any time your family experiences a career change.

Health changes — One goal of a well-designed wealth plan is to have health care financial coverage in place to address any medial costs that may pop up suddenly. However, as health changes occur, it doesn't hurt to review those plans to confirm your wealth goals will continue being achieved.

Political changes — While it does take time for the federal government to push legal changes through Congress, it doesn't hurt to put your wealth plan through a strategy review as elected officials change at the state and federal levels. Special areas to keep in consideration include your estate plan and tax plan, as well as retirement timing.

It's important to review your wealth plan on a regular basis, especially if you have updated or new wealth goals. Schedule an annual meeting with your financial professional to look at your wealth plan considering changes you know about and to discuss outside influences that may create a need for updates.



Tips to enhance your financial wellness in 2023 and beyond

Making financial wellness a part of your New Year's resolutions is as important as those goals you make for physical and mental wellness. Financial well-being impacts overall health and wellness. It may seem like a daunting task to some, but it doesn't have to be.

For these reasons, many financial professionals compare financial wellness to a journey. Breaking something big down into smaller steps taken over time can make major changes or significant undertakings manageable.

One way to define wellness might be the act of practicing healthy habits on a daily basis to better the outcomes. With this definition in mind, as you make financial resolutions, it may be helpful to focus on how to improve what you're already doing. Setting some specific goals with action steps to follow on a daily basis may also help make your financial resolutions achievable.

While financial goals differ for each individual, addressing each of the following four wealth management pillars may also help guide you through your wellness journey.

1. **Accumulate and grow your wealth**—from building your emergency fund to contributing to your retirement fund at your employer's matching level to saving in tax-advantaged accounts like a health savings account.
2. **Fund your lifestyle today and tomorrow**—from spending within your means and avoiding bad debt to planning ahead and saving for big-ticket purchases, such as a new car or vacation.
3. **Protect what's important to you**—having appropriate levels of insurance, including varying types from life and property to long-term care, is foundational to sustaining your wealth during your working years and throughout your life.
4. **Create a lasting legacy**—regardless of age or wealth, estate planning is important and includes having a will, power of attorney and health care directive, plus designated beneficiaries.

As you travel the road of life, the following generational guidelines may also provide direction based on your age.

Baby boomers (born 1945–1964)

1. Maximize your wealth
2. Assess your retirement readiness
3. Develop your retirement financial living strategy
4. Review your estate and legacy plans

Gen Xers (born 1965–1980)

1. Manage your lifestyle spending and accelerate your savings
2. Increase your protection (insurance and set up an RBC Credit Access Line)
3. Increase your retirement savings
4. Focus on wealth building

Millennials (born 1981–1996)

1. Establish or add to your emergency fund
2. Manage your debt, such as student loans and credit cards
3. Manage your lifestyle spending and saving for the future
4. Start or continue your wealth building and protection

Use these tips and the new year as an opportunity to renew and reinvigorate your sense of financial wellness. Do a wellness check, establish healthy habits, make wise decisions, follow preventative measures and make important life stage adjustments.

Like with any New Year's resolution, to succeed you need to set realistic goals. You certainly don't have to tackle everything all at once or do it alone. Work with your financial professional to help you focus on what's most important to you and what will be most impactful.

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