

Annual estimate	Cash flow example	Adam's comment
Income \$	\$100,000	T4 income on your last tax return will do, or you can calculate annual income based on your most recent pay stub
Taxes \$	\$23,708*	Use the Ernst & Young combined income tax calculator to calculate your expected taxes based on your income estimate
Savings \$	\$12,000	You might save a monthly amount, say, of \$1,000 per month, or instead do a lump sum for \$12,000 at the RRSP deadline each year
Spending \$	\$64,292	(Assuming you are not hiding money under your mattress), this figure is the result after deducting your taxes and savings from your annual income

* This tax figure is for an Ontario resident in the 2020 tax year

Revisit your investment plan

You are likely contributing the savings you are setting aside to a Registered Retirement Savings Plan (RRSP) or a Tax-Free Savings Account (TFSA). These are tax-efficient investment accounts and a good place to grow your savings.

If the recent downturn in the stock market had you up all night, then it's likely that your investment plan does not fit your expectations. Your investment plan should be based on two key, interrelated factors: your ability to tolerate risk (facts about you, such as your age) and your willingness to tolerate risk (feelings you have, such as whether investment risk makes you anxious).

If you set your investment plan up correctly, then even in challenging markets like we had recently, being clearer on your expectations should help quell any anxiety.

Protect your family through an insurance and estate plan

Protecting your family from the COVID-19 virus has been a priority for many parents and families recently. Purchasing face masks, hand sanitizer and disinfecting wipes are some of the investments many have made to combat the virus. Over the long term, life insurance coverage is something that can protect your family as well.

Although we don't like to ponder our mortality, the recent pandemic has obviously made us hyperaware of the fragility of life. Given the current situation, today, many insurance companies are providing life insurance coverage faster and easier than ever before. Since having a paramedical nurse come to your house to take your blood, etc. is no longer acceptable in the time of COVID, you can now acquire up to \$2 million in life insurance coverage simply through a telephone review with a nurse.

Are your documents in order and easy to find?

Just as you would organize the garage or kitchen cupboard, make sure you sort and store your financial records (i.e., will, insurance policies, investment statement and online passwords) in a safe place. Why is this

important? If you happen to pass away, your loved ones and executors will need to be able to retrieve these documents to deal with your estate efficiently.

If you have been avoiding completing or updating your will and power of attorney, now is always the right time to engage a lawyer to help you complete those critically important documents. A will and power of attorney don't just protect and organize your financial assets; they also ensure that any dependents you have (your children) go to the care givers you designate.

Also, make sure to review the beneficiaries on your registered investment accounts (RRSP, TFSA, etc.) to ensure that you have designated a specified living beneficiary. Updating this information could save your estate and loved ones thousands of dollars in unnecessary tax.

Take the next steps – a financial advisor can help

Not comfortable cleaning out your own financial closet? Don't have an investment plan in place? Now's a good time to get one! Then, consider meeting with a financial professional who can establish a financial and investment plan so that you will know what to expect.

At my investment practice, we create financial and investment plans for each of our clients. As a result, our clients understand what they can expect from their wealth in challenging times and the potential risks to their plans. In the end, our clients are more confident in their future and walk away with the "peace of mind" of knowing they can weather future events like COVID-19.

To learn more about how you can become more confident and comfortable in your financial future, contact a financial advisor.

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