



Why Planning?

At the Advanced Wealth Planning Group at Wellington-Altus, we're strong advocates for financial planning. And while most Canadians share that view, we recognize that not everyone sees things the same way. This article aims to share our perspective on financial planning, particularly with those who may not yet see its full value.

We'll start by addressing some of the common objections or misconceptions people often have about financial planning. We'll then clarify what we mean by financial planning, and finally, explain why we believe planning is important for everybody.

Common Objections and Misconceptions

If a retirement plan is the first thing that comes to mind when you hear the words financial planning, you're not alone, and for good reason. For most Canadians, retirement is genuinely their top concern, and the financial services industry has conditioned us to think that financial planning is synonymous with retirement planning. It's not uncommon to hear the following objections:

"I Don't Need a Plan Because..."

- "I'm already retired"
- "Retirement is decades away"
- "I have a defined benefit pension and great benefits"
- "Financial planning is only for the wealthy"
- "Our family has enough money to never have to work; we don't need a plan"

While these objections may come from people in different – if not totally opposite – circumstances, they are different chapters out of the same book and stem from the same misconception: that planning only means retirement planning.

What Financial Planning Really Means

We do not deny that retirement is the paramount goal of most financial plans, but it is only one piece of the overall financial picture. In reality, everybody can benefit from planning, even if retirement is not a top priority. A financial plan encompasses so much more, and what that entails can vary greatly depending on personal circumstances, life events, and life stage.

Personal Circumstances

Planning priorities can vary depending on one's occupation, net worth, and individual circumstances. There is really no such thing as a "regular family", and therefore each plan is unique. For instance, a business owner would have different concerns than a public sector employee with stable income and a defined benefit pension plan. Additionally, certain situations may require special planning considerations, such as owning rental properties or cottages, operating a business, having a blended family, or supporting family members who are non-residents or who have disabilities or special needs.

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Life Events

The only constant in life is change. Events such as marriage, divorce, birth, death, disability, career changes, business sales, or relocations often trigger a financial planning update. However, true planning is a continuous process with periodic updates. Life events are things that would prompt a “recalibration” of the plan in light of new information.

Lifecycle

Even in the absence of major life events, priorities change with the mere passage of time. For a young family, planning may focus more on financial management, education savings, and insurance protection. Twenty years later, that same family's priorities could shift toward retirement income planning and helping children with their first home purchase. Another decade on, the focus might turn to tax efficiency, estate planning, and supporting grandchildren.

At its core, financial planning is really life planning; money just happens to be the tool.”

It's Not Just About Money

Although financial planning is performed by professionals in the financial industry and the term “financial planning” may suggest it's all about money, it really is not. Some aspects, like updating Wills and powers of attorney, have little to do with money itself.

Even where money is involved, it's not the end goal per se; rather, it's the means. Money is a store of value, a tool that helps us achieve what actually matters: security, education, freedom, experiences, and legacy. Planning helps align financial resources with the underlying objectives they serve.

For example, if your goal is to fund your children's education, money, and planning vehicles like RESPs, are simply the tools that make it possible. If your goal is family harmony after a business succession, a comprehensive succession plan is what helps you achieve it, and the solution may include tools such as Wills, a Trust, a Unanimous Shareholders' Agreement, and key person insurance. At its core, financial planning is really life planning; money just happens to be the tool.

What Planning is and What It Isn't

01

Financial Planning and having a financial plan are not the same thing.

A written financial plan is often the product of the planning process. It is a written document that solidifies and helps clarify objectives, constraints, and next steps. A plan with no execution is not beneficial. Planning is the continuous and dynamic process of updates and follow through, while the plan is simply a reflection of the strategy at a specific point in time.

02

Planning isn't a one-time event, it's continuous.

Life changes, and so do your goals. That's why planning is iterative and evolves with your circumstances.

03

Having specific goals is not a prerequisite.

Planning often starts before you've figured everything out. It can include financial management, tax-efficiency, protecting against risk, and setting the foundation for future goals.

The Value of Planning

We're Already Planners

The truth is, we already plan most aspects of our lives, just not the major ones.

- We spend many hours planning a three-week vacation, but only 45 minutes planning the longest vacation of our lives: retirement
- We hunt for deals on flights, but not on our single largest expense: taxes
- We write grocery lists and meal-prep for the week, but rarely make a budget or take inventory of our assets
- We check the weather and charge our phones before leaving home, but we don't review our Wills and insurance policies

If planning helps us manage everyday life, it makes even more sense to apply it to our finances where the impact is higher.

The Regret Paradox

When we look at the wisdom of older adults, two of the most common regrets seem contradictory:

- "I wish I had saved more when I was younger"
- "I wish I hadn't worked so much"

So how do we reconcile these? How do we hold both truths at once? The answer often lies in planning. Planning is what lets us proactively confront both regrets at the same time. By enjoying life now and setting ourselves up for the future.

Managing Trade-offs

Ultimately, life is a series of trade-offs. Our different wants, goals, desires are constantly competing for limited resources and every choice we make takes away from something else we care about. Planning helps put those trade-offs into perspective and allows us to allocate our resources in a way that maximizes our personal happiness.

Expanding the Opportunity Set

Imagine your time and money as two pies you must slice and allocate amongst those demands. Planning helps you slice those pies more intentionally, but it can also help grow the pie itself. With a larger pie, comes an expanded opportunity set. While we can't exactly stretch time to get more than 24 hours out of a day, we can stretch a dollar. Planning allows us to earn more and keep more of our earnings through improved cash management, tax-efficiency, investment planning, and risk management. The larger "money pie" can indirectly expand your "time pie" by allowing you to work less, or outsource tasks to free up time for what you value more.

It's Not a Scarcity Mentality

The trade-offs are not driven by a scarcity mindset; rather, they are equally important in periods of abundance. In fact, abundance is created through planning. Consider Warren Buffett, Chairman and CEO of Berkshire Hathaway and Ray Dalio, founder of Bridgewater Associates – the largest hedge fund in the world. These individuals are two of the most successful allocators of capital who have expanded their own pies tremendously, as well as the pies of their respective clients and business partners.

At the time of this writing, Berkshire Hathaway has a cash position of USD \$382 Billion. At levels of abundance unimaginable to most, Buffett remains extremely discerning about where to deploy financial capital and take on risk. Dalio, who intends on giving away most of his estimated self-made USD \$15 billion fortune, has said that giving away money is harder than earning it, due to the difficulty in measuring the impact of philanthropy. Even where there's no direct self-interest, Dalio exercises meticulous planning and diligence on resource allocation. Planning, therefore, is not just for the resource-strapped; rather, it's the name of the game.

Planning Provides Clarity

We know that we can always be doing more for our future, and a financial plan lifts the fog about how much is enough. It helps you understand what you want, what you're willing to risk or give up, and what you need to do to achieve your goals. With that in place, everyday decisions become easier to evaluate:

- Can I make this purchase without delaying my goals?
- If not, am I willing to accept that in order to not miss out on something meaningful right now?

Your financial planner can help with the first question but cannot answer the second question for you. But planning can provide the framework that allows you to evaluate your options. You can balance your current and future needs and avoid the two common regrets of saving too little or working too hard. Without that clarity, we're shooting in the dark and making informed decisions becomes difficult, leading to stress and anxiety.

Financial Planning Reduces Stress

In recent years, there's been a welcome shift toward mental-health awareness. We know finances can be stressful. In fact, money consistently ranks as the one of the top sources of stress for individuals. Some of this is caused by financial distress:

- The increased cost of living and managing household expenses
- Dealing with high levels of debt
- Arguing with loved ones about money
- Being afraid to open mail or answer the phone

But wealthier individuals who may not have apparent 'money problems' are not necessarily immune from stress relating to finances. Many may suffer from a feeling of guilt when they spend money on non-essentials. Others stay up at night worrying about a host of 'what-if' events such as a market crash, shareholder disputes, marital breakdown, lawsuits, loss of employment, disability, death, identity theft, predatory relationships, and healthcare costs.

Financial planning has been shown to meaningfully reduce that stress¹. Some of this is accomplished through implementing strategies that specifically solve problems and safeguard against risks. Planning can also clarify what is required for you to meet your long-term objectives and how much is enough, thereby allowing you to splurge on non-essential wants and experiences, guilt-free. Finally, a written, comprehensive plan can be stress-tested against what-if scenarios and could provide much-needed peace of mind so you don't lose sleep thinking about all the things that could go wrong.

Final Word

You only live once. We believe that financial planning is one of the smartest ways to tilt the odds in your favor and give yourself the best chance of winning in the game of life by leading a happier, healthier, and less stressful life. We hope you agree.

1. FP Canada™ 2025 Financial Stress Index, (Mar.18, 2025).

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