TD Wealth

It's always a good time to build a wealth plan

By Domenic Natale, Vice President, Aboriginal Services, TD Wealth Private Trust

If you are like most people, you probably know that you should have a wealth plan, even if you haven't actually developed one yet. Don't worry, it's never too late – or too early – to start.

Your unique place in Canada

It is estimated that by 2016, the total purchasing power of Aboriginal people in Canada will be over $18 Billion per year and growing.

A good place to start would be to recognize your unique place within the Canadian demographic. As an Aboriginal person of Canada (First Nations, Métis, Inuit), your population segment is both among the fastest growing in the country, but among the youngest, with a median age of 28 years in 2011 versus 41 years for non-Aboriginals.[1]

Where you live, where you earn your income and whether you are a status Indian will also have an impact on your wealth plan. According to the most recent Statistics Canada census[2], half of those identifying as First Nations people indicated they lived on an Indian Reserve or Indian Settlement, and 25% of the total First Nations population in Canada revealed they were not recognized as status Indians.

Over the last decade, the Aboriginal peoples of Canada have also been flexing their economic muscle more than ever. TD Economics estimated that the combined total income of Aboriginal households, businesses and governments would have reached $25 Billion by 2011 – double the $12 Billion in 2001. By 2016, it is estimated that this overall income could eclipse $32 Billion. If achieved, total Aboriginal income would be greater than the level of nominal GDP of Newfoundland/Labrador and Prince Edward Island combined.[3]

Aboriginal households and community governments have been participating in this growth and their participation continues to expand. According to TD Economics, Aboriginal communities are increasingly seeking out opportunities in the market economy. Employing Aboriginal people and working with Aboriginal communities is a smart business strategy. While many of the financial benefits of engagement are direct in nature, there is a growing recognition by the private sector of potential indirect payback to their operations. More and more companies are linking the support of Aboriginal education and social issues with Canada's future prosperity challenges.[4]

As Aboriginal governments continue their path to becoming more financially successful, and thereby generating more of their own source revenue, so too should individuals focus on becoming more financially stable and independent. A responsible way to do that is to create a wealth plan.

Developing a wealth plan

A wealth plan isn't just to help a person save for retirement. Everyone, at every stage of life, has goals that a wealth plan can help them achieve. In addition to saving for retirement, goals can be saving for post-secondary education, paying off debt incurred to obtain an education, buying a car, purchasing a home, starting a family or travel.

By working with an advisor and going through the process of developing a wealth plan, you can help avoid costly mistakes and better understand the consequences of not following effective strategies. For example, a wealth advisor can help ensure you acquire a better understanding of tax sheltered programs such as tax-exemption rules for property situated on a reserve. Similar rules also extend to employment, investment, interest, dividend and rental income if earned on the reserve.

The following tips could help you get from where you are today to where you want to be in the future:

1. **Think about your goals and objectives.** Knowing where you want to go is the foundation of a sound wealth plan and will help you decide which route to take. This may include short- and long-term goals. Regardless, you should think about all your objectives and rank them in order of importance to you.
2. **Gather the data.** Gathering and organizing all your information is key to determining your starting point. A wealth advisor can help you assess where you are now and what financial resources you already have.
3. **Do the analysis.** Once you have identified your goals and objectives and you have gathered all of your information, a wealth advisor can assist you in reviewing your specific situation and help you choose from the many options that are available.
4. **Develop a strategy.** A wealth advisor can help you set out a strategy that will include the steps you plan to take to help you achieve your financial goals.
5. **Put it into Practice.** A wealth plan is only helpful if you put its recommendations into action.
6. **Follow up and review.** Just as your life changes over time – a new job, a family, a home – your financial needs and goals can change too, so it's important to meet with your wealth advisor and regularly review your plan to make sure that it stays relevant to your particular objectives.

Important considerations

At TD, we recognize that financial needs vary throughout your life and that your personal goals evolve over time. We'll work together with you and your family to help provide peace of mind at every stage of your life.

- Banking and Credit Management
- Education Funding
- Planning for Major Purchases
- Investment Strategies
- Protecting Your Income and Capital
- Business Succession Planning
- Retirement Planning
- Charitable Giving
- Passing on Your Wealth
- Protecting Your Income and Capital

Knowing how to start and who to call for help can sometimes be the biggest challenge, as the process can be somewhat overwhelming. A wealth advisor is a great source of knowledge and can take you through the steps to help you get on track to achieve your goals of today and tomorrow.

As an AFOA Canada Corporate Member and Community Builder, TD is committed to providing more information on Financial Literacy to all AFOA Canada members.

For more information, please visit tdwealth.ca or a TD Canada Trust branch near you

[1] TD Economics – A Demographic Overview of Aboriginal Peoples in Canada – May 15, 2013
[2] Statistics Canada, 2011 National Household Survey
[3] TD Economics – Estimating the Size of The Aboriginal Market in Canada – June 17, 2011
[4] TD Economics – Engaging with Aboriginal Communities Offers the Potential of Big Financial Rewards – Jan 5, 2013

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