CIBC PRIVATE WEALTH

# SLATER FINANCIAL GROUP

## Slater Chronicles May 2023

*In this month's newsletter, we discuss five good practices that can help lead to financial independence.*

*Financial independence is a goal that many people aspire to achieve, but it takes time, effort, and, most importantly, good habits. There is no single formula for achieving financial independence, but by developing certain habits, you can increase your chances of reaching your goals.*

**Register here:** Click here to register for our next webinar on June 6th 2023 at 4:00pm. We will discuss Planning for Lifetime Income That Stays Ahead Of Inflation.

Mark

## 5 Great Habits to Implement Today To Help You Achieve Financial Independence

### Tip 1: Starting Saving Early and Use the Power of Compounding to Your Advantage

The earlier you start saving, the more time you have to take advantage of the power of compounding. Compounding is the process where the interest earned on an investment is reinvested back into the investment, allowing it to grow exponentially over time.

To illustrate this point, let's take the example of two individuals:

- Person A starts saving $5 per day at age 25
- Person B starts saving $5 per day at age 35

Assuming a 7% annual return, Person A would have accumulated approximately $139,000 by the age of 50. In comparison, Person B would only have about $64,000.

Click here to try CIBC's Investment Growth Calculator and personalize your own inputs and watch a personalize investment tip video.


### Tip 2: Have Clear Goals and a Financial Plan

Having clear financial goals and a plan is critical to achieving financial independence. Take some time to identify your financial goals, such as saving for retirement, paying off debt, or purchasing a home, and create a plan to achieve them.

This plan should include a budget, an investment strategy, and a timeline for achieving each goal.

### Tip 3: Invest Your Savings in a Diversified Portfolio and Avoid Speculating

Investing your savings in a diversified portfolio is an essential habit to help achieve financial independence. A diversified portfolio reduces the risk of your investments by spreading your money across various asset classes, such as stocks, bonds, and real estate.

It's essential to avoid speculating on individual stocks or trying to time the market, as this can lead to significant losses.

### Tip 4: Create a Budget and Look at the Negative Power of Compounding on Debt

Creating a budget is an essential habit to help achieve financial independence. By tracking your expenses and income, you can identify areas where you can cut back and save more money. It's also essential to understand the negative power of compounding debt.

High-interest debt, such as credit card debt, can accumulate quickly, making it challenging to achieve financial independence.

Paying off debt, especially non-tax deductible debt should be a top priority in your financial plan. Try CIBC's Budget and Cash Flow Calculator.

### Tip 5: Manage Your Biases

Managing your biases is another critical habit to help achieve financial independence. Biases such as loss aversion, fear of missing out (FOMO), recency bias, and hindsight bias can cloud your judgment and lead to poor financial decisions.

Recognizing and taking steps to manage these biases can help you make better financial decisions.

Watch the interview with Daniel Kahneman, Noble Prize Laureate and best-selling author of "Thinking Fast and Slow".

## Register for our Next Webinar on June 6th, 2023 at 4:00pm.

"Planning for Lifetime Income That Stays Ahead of Inflation"

Click here to register

## Reach out to us

At Slater Financial Group, we're happy to speak with your or your family members, friends or colleagues trying to navigate many of these details. In addition, our clients have the benefit of tapping into the many resources available to us here at CIBC.

Contact us to set up a meeting to discuss your family’s or organization’s succession plans

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## About us

Since 1995 we've made ourselves available to act as a sounding board for anyone who may need urgent financial advice - or just a second opinion. We've been able to help many families. As a result, our business now comes to us almost exclusively through referrals.

So, if you're approached by a friend, neighbour or family member, or if you know someone who needs a sympathetic ear, please let them know we will always find the time to listen, and we'll do our best to help. By making ourselves available this way, we're striving to make people's financial lives less stressful and better, and we're doing well by doing good.

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If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor. Clients are advised to seek advice regarding their particular circumstances from their personal tax and legal advisors.

Insurance services are available through CIBC Wood Gundy Financial Services Inc. In Quebec, insurance services are available through CIBC Wood Gundy Financial Services (Quebec) Inc.

Given the complexities involved, specialized tax and pension advice must be sought to ensure an Individual Pension Plan (IPP) is appropriate to individual situations. An IPP strategy must be considered within the context of a comprehensive financial and estate plan.