TD Wealth

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Trending News

TD Wealth Private Investment Advice

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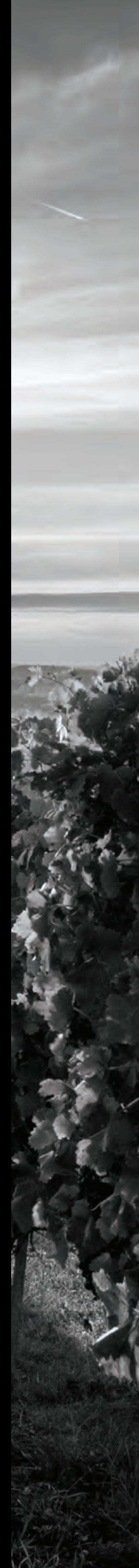

Your Family Should Talk About Money

Money is a taboo subject in many families – how much you make, what to do with it and how to pass it on to the next generation. Unfortunately, the stigma around these conversations can have a negative impact on both personal relationships and family wealth. Here, we'll look at when and why it's important to talk about money with your family.

When you're in a long-term relationship

Whether you're getting married or moving in together, long-term relationships generally involve money. A couple will often share bills, rent or mortgage payments as well as household expenses. Couples can structure their finances in a variety of ways – a joint bank account may be beneficial to some while others prefer to keep their financial lives separate. The important thing is to identify shared expectations and live by them. For example, will your income and savings be shared? Will living expenses be divided between partners, and if so, at what ratio? What is your ideal retirement, and how can each partner contribute to saving for the future?

The 2017 'Love and Money' survey by TD Bank indicated that 90% of happy couples discuss money once a month, whereas only 68% of unhappy couples discussed money on a regular basis. 78% of couples reported being comfortable discussing money with their partner, but 36% said they argue about money at least once a month[1]. Open dialogue is clearly linked to a happy, healthy relationship – it cuts money-related arguments in half!

With your children

Teaching financial literacy to children is an important part of parenting. Not only does it give children the life skills they need to become successful adults, it may minimize the financial burden of a dependent adult child.

[1] https://newscenter.td.com/us/en/campaigns/love-and-money
Research company Maru/Matchbox conducted the survey among a nationally representative sample of Americans who are currently in a relationship. The online fieldwork occurred between June 20th and June 27th, 2017.

According to the TD Financial Literacy Month survey 94% of Canadian parents feel that they are their children's biggest influence when it comes to money; however, 31% of those same families find it difficult to talk about money with their kids[2]. Parents worry that without healthy financial habits, their adult children may create debt or depend on their parents for monetary support[3]. To help avoid these issues, discuss money openly as a family from an early age. This helpful communication and education will benefit everyone involved.

A 2017 TD study revealed that approximately half of Canadians do not have a legal Will. If a person dies with no Will in place, their estate will be distributed according to the laws of the province they reside in.

During end of life planning

Estate planning is one of the most critical elements of family finance, and it starts with an open conversation. However, as end of life discussions can be uncomfortable, upsetting and/or complex, they are often avoided. When a person dies without a Will or estate plan, it can create family conflict and result in assets being distributed as per provincial law instead of according to the deceased individual's wishes. Common areas of conflict include family businesses, property, inheritance such as cash or investment accounts. Planning is within your control – talk to your family, make your wishes clear and document them in a formal Will and estate plan. This will help you leave behind the legacy you plan for, instead of potential conflict. ■

[2-3] http://td.mediaroom.com/2017-10-25-Get-ready-to-talk-money-now-before-its-too-late
About the TD Financial Literacy Month Survey - TD Bank Group commissioned Environics Research to conduct an online survey of 1,101 Canadian adult parents with a child aged 4-17 currently living in their household. Responses were collected between September 19 and 26, 2017.

An Introduction to Values-Based Investing

If you're not a money manager, understanding your investment options can be akin to reading instructions in a language you don't speak. With all of the technical terms of buzzwords in popular media, it's hard to stay on top of what's what. That said, many people feel confident in their goals and values – something that can become the basis of their investment approach. Interested in learning more? Ask your wealth advisor about values-based investing.

What does values-based investing mean?

Values-based investing is alternately known as "ethical investing", "responsible investing" or "socially conscious investing" (or slight variations of those terms). The goal of this investment approach is twofold: positive social impact and financial gain[1]. Value-based investing looks for financially attractive investment opportunities that contribute to the world in a meaningful way. Generally, this approach means excluding investments linked to alcohol, tobacco or weapons. Values-based investments are often assessed for their political and charitable ties as well as shareholder advocacy. These companies are often screened for human rights violations. There is also an emphasis on environmental responsibility and as such, values-based investment portfolios generally exclude the oil and gas industry in favour of cleaner energy options such as wind or solar power[2].

While values-based investing has gained attention in recent years, it dates back to the 1960s when Martin Luther King would publicly call out companies that opposed the civil rights movement, deeming them socially irresponsible[3]. There's a lot of history in this investment approach!

[1] https://www.investopedia.com/terms/s/sri.asp
[2] https://www.investopedia.com/terms/s/sri.asp
[3] https://www.investopedia.com/terms/s/sri.asp

Community investing & The Ready Commitment

Some wealth advisors offer community investing or 'impact investing' – a subset of values-based investing that looks for investments designed to strengthen communities through projects involving low-interest loans, affordable housing, healthcare and education. The goal of this approach is to support vulnerable communities and in turn, lessen government dependency in favour of economic growth. We invest in our communities, too. TD recently introduced a $1 billion dollar program called The Ready Commitment, donating funds in support of financial literacy, environmental advocacy, community connection and healthcare[4].

Investing kindly – and effectively

Socially responsible investments do not inherently equate to financially beneficial investments. Fortunately, an experienced wealth advisor will be able to identify investment options that are both financially attractive and socially conscious. If you feel strongly about investing in businesses that align with your values, this investment approach is worth exploring. ■

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[4] http://td.mediaroom.com/2018-03-28-TD-launches-The-Ready-Commitment-to-open-doors-for-an-inclusive-tomorrow