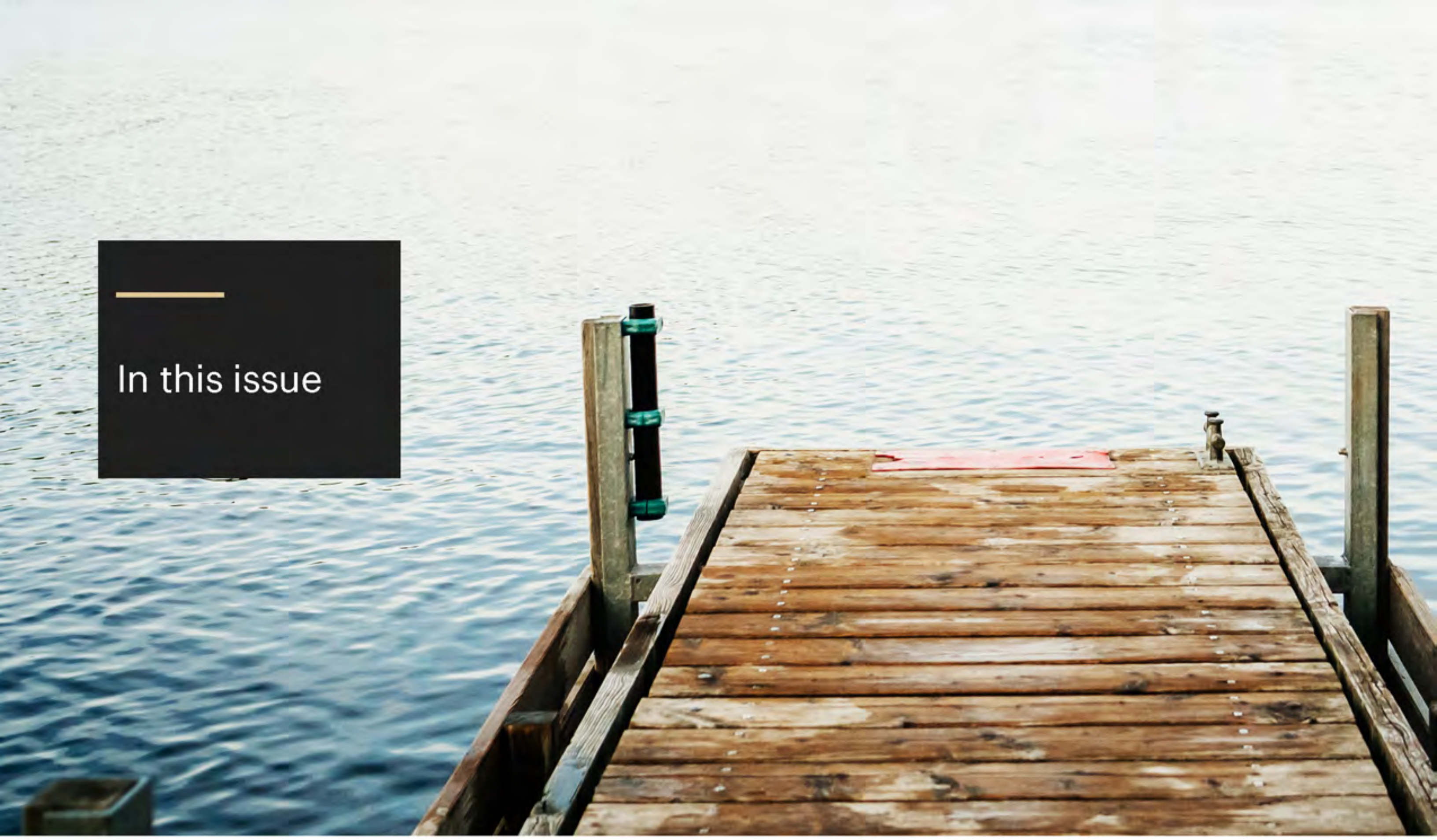
The Green Wealth Connect

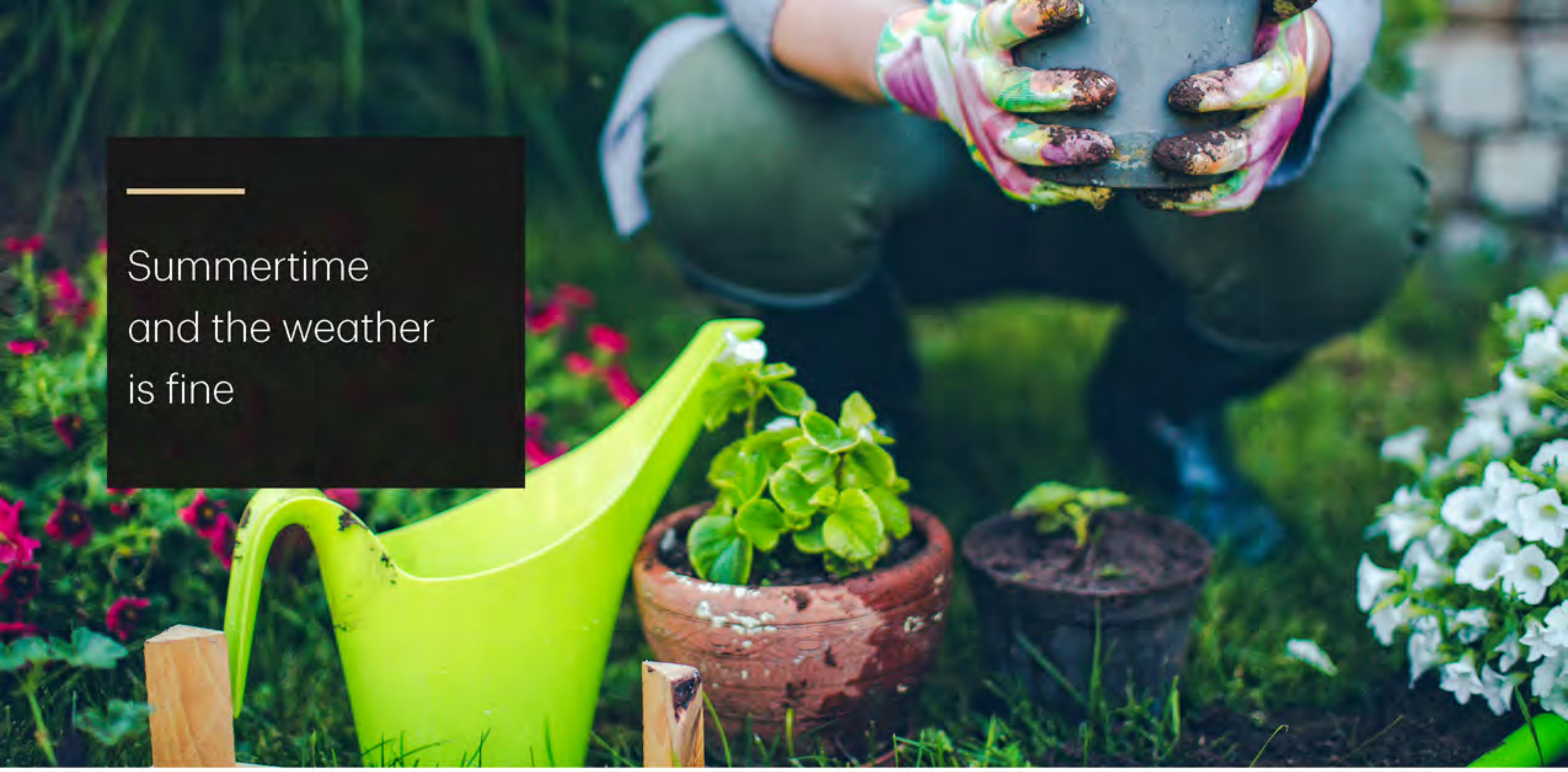
Summer 2021

TD Wealth



In this issue

**click the topic to be redirected to the corresponding page*



Summertime and the weather is fine

Watch that garden (and world) grow...

Well, it's summer in Saskatchewan and we are not sad about it. It's the time of year that you completely forget about winter and fully embrace the warmth and (extreme) busyness of the season.

On the Green Wealth Advisory Team, you will likely catch any one of us at the lake during some part of these next couple of months. Summer is a great time for our team to play the odd game of golf, tinker in the garden, go on long bike excursions, and many more outdoor activities. As often as we can, we involve our 5 dogs, Maddie, Sully, Billie, Moses & Duke in those hobbies.

As COVID eases around the country and restrictions begin to lift, we're left trying to navigate the new world. This edition of The Green Wealth Connect touches on some of these new norms. In addition, we highlight another topic of conversation that effects all of us, at every age, which is how to become Retirement Ready. And as always, we've included a page highlighting what we've been up to outside of work with our families.

However you choose to spend your days, we hope you have a wonderful summer!

Candice Kelsey

Reopening Survival Guide

It's exciting. Even a little scary. As more Canadians continue to get vaccinated, we may once again contemplate vacations, a new wardrobe for the office, sporting events, and in-person dining. Are we ready for all this? Are our finances?

Gina vaguely remembers a time when life was so busy she would hop on the toll highway to save time and avoid traffic. From there, she would keep going all day long, subsisting on drive-through coffees and grabbing take-out on the way home when she forgot to take something out of the freezer. Now she looks back on those days and can't quite imagine why her life was like that.

"Wants versus needs have really become apparent after a year of this pandemic," she says. "It's amazing what you don't actually need or can do without. I used to spend a lot of money on things I thought I deserved. I don't want to go back to that."

After more than a year of local and provincial lockdowns and false starts, signs of an economic reawakening have begun to appear as vaccines are being administered worldwide. In March, TD Economics forecast that Canada's economic output could reach pre-pandemic levels sometime in the third quarter of 2021, months earlier than previously predicted.[1] We don't yet know if or when we will get to a place where we aren't masking up, but economists are seeing light at the end of the COVID-19 pandemic tunnel.

While we may be excited to get back to the people and activities we love, many of us are also pausing to think about what "normal" could look like, and what we want it to look like. For some, the idea of getting back to a post-COVID-19 world is so overwhelming that psychologists have coined the term "Cave Syndrome."[2] They've observed that among vaccinated populations, some still have anxiety about going out or having people into their homes.

"There is a wide variety of emotions related to the prospect of the re-opening process, including mixed responses," says Karyn Hood, a clinical psychologist with a private practice in Toronto. "Some people are eagerly anticipating the time they can reclaim some personal freedoms as they crave the interpersonal connections and structured routines of daily life. Others are more fearful and apprehensive about rejoining society. Some of these people — particularly introverts or those with anxiety disorders — have become more accustomed to living a 'bubbled life' and have embraced the safety, comfort and the routine of being at home."

"Safe and comfortable has become the status quo," says Ryan Lanaus, a London, Ontario-based Financial Planner with TD Wealth. "For some, it may be particularly calming to see some of the extra money that has been building up in our bank accounts. But with pent up demand, we may risk those savings if we don't return to life in a mindful way."

Taking that into account, what aspects of pre-pandemic life are you most looking forward to? What would you choose to do differently if you could? Whether you are raring to go, or a little unsure, our Reopening Survival Guide looks at some of the activities we may be anticipating most, several we may not, and ways we can prepare.

Your return to the office

"I've almost always worked at home, so that hasn't changed. It's not that I want my wife to go back to the office, but I am looking forward to being able to go work at a cafe, so that we're not together all... the... time."

— Eric

Some have been stuck working at a makeshift desk in a corner of their kitchen, some are answering emails with a toddler on their lap. Many have had a harder time because of a downturn in their industry. Whether you are getting back to working in an office or hoping the economic recovery will lead to more steady work, it's exciting to think about the possibility of getting dressed up for the workday again and saving sweatpants for the weekends where they belong. But the return of your daily commute may also come with a return to the time crunch, and stress and expense that comes with it.

"Maintaining a more basic routine with time for both health and self are lessons many have learned during the pandemic," says Hood. "Before rushing headfirst into your old 'normal,' make some time to take stock of what you learned about yourself: What kept you energized, elevated your mood, and enhanced your health and well-being?" Hood says answering some of these questions may help to maintain better work-life balance going forward.

There may even be an opportunity to return to work on your own terms, and still save some gas money. Lanaus suggests that many organizations are starting to see business sense in the added

flexibility and balance working from home allows for its employees. "There are cases of businesses showing increased productivity with their workforces working from home," says Lanaus. "Companies may see their productivity increase, but you might be able to save hundreds of dollars a month on your commute."

He encourages his clients to talk with their managers to see if they might offer some flexibility on an ongoing basis. It could be a win-win situation for your health and your wallet.

Your next vacation

"I am looking forward to spending money on vacations. In fact, a trip out west has been booked and a big family trip to Disney in 2022 has been booked too!"

— Julie

Does your computer screensaver involve a tropical scene with a beach and azure waters? During the pandemic that was about as close to travel as many of us could get. With borders closed, travel plans were upended. Being cooped up during the long, cold Canadian winter had us fantasizing even more than usual.

"Many people are keen to shed the cabin fever and COVID-19 fatigue that has plagued them this past year," says Hood. "The world became much smaller in many ways due to our restrained living conditions, and people are craving the change of scenery and variety of experience that comes with travel."

Lanaus says that this moment can be a great one to see where you stand financially. Were you able to save during the pandemic? If you were out of work, did you have to dip into debt? Once you know how healthy your financial picture is, you can see where a vacation fits, and how extravagant you can go. "Using a goal-based financial plan and a Tax-Free Savings Account can help you to put money aside regularly for your goals, short- and long-term, and grow that money tax-free," says Lanaus.

Return to friends and entertainment

"I will never turn down an invite to join friends or family at a bar or restaurant and I will not hesitate to (literally) throw my money at the people I love and haven't seen in over a year."

— Matt

Get ready to feel the burn as you return to the gym. Soon you may be able to sit in stadiums to cheer on your favourite band or team. While most of us are thrilled to start doing the stuff we love once again, life has certainly sent us a reality check.

"There is definitely pent-up demand for goods and services," says Lanaus, "but there are also many people who are questioning whether they should go back to their old habits. I believe there is demand to get back to normal, but I also think that this forced reset has opened some eyes as to how they spend their discretionary income. Now might be a good time to create an entertainment budget with limits and goals, so you can focus on spending on the things you love."

Speaking of which, your kids are also likely feeling the isolation and anticipating the return to potentially expensive hobbies and pastimes, such as hockey and piano lessons.

"While your children require some level of social and physical activity to remain active and healthy, they don't need to be over-programmed," says Hood. "Bookmark the activities that kept you and your family grounded and optimistic during the pandemic. Ask your children what they liked best about their lives during the pandemic, as well as the things they missed most. Act with intention with your scheduling going forward."

Return to savings

"I paid off all my credit card debt last year just by not traveling/going out for a year!"

— Diane

Even if you haven't been struggling financially during the pandemic, you probably knew someone who was. The pandemic really brought home the importance of planning for a rainy day: Circumstances beyond our control can impact our ability to bring in an income.

Whether or not we saved because we didn't have anywhere to spend, or because we were being judicious, the COVID-19 pandemic ushered in an unprecedented era of Canadian saving. According to Statistics Canada, household savings rates hovered somewhere between zero and a bit more than 5% of disposable income from 2016 to the first quarter of 2020. During the second quarter of 2020, just as the COVID-19 pandemic took hold, it shot up to over 25%[3].

Lanaus says that those savings could come in handy, though you may not need to think about keeping that emergency fund in cash. "There was an old rule of thumb that you should have three months' worth of expected expenses in a savings account," he says. "The problem with this is, if we leave cash uninvested 'just in case,' you could be missing out on potential returns."

Lanaus suggests tackling any high-interest debt you may have accumulated in the last year. He says any extra savings can be kept in a TFSA in an investment that is accessible on short notice for emergencies. Lastly, if you had to forego saving for retirement last year, now may be a good time to catch up on RRSP contributions. He says that you may think putting aside money will stretch you but prioritizing according to your current financial picture may help.

So, as things open up, we can all look forward to once again getting our hair cut, savouring a meal in a restaurant with people we missed or getting in line to ride a favourite rollercoaster. The pandemic has certainly instilled the importance of simple pleasures in life.

For those feeling more apprehensive about venturing out into the world again, take it slow, says Hood.

"I recommend that clients start their reintegration journey in a gradual fashion, slowly expanding their breadth of activities and starting with exposure to familiar places, but on a more consistent basis."

If you find your symptoms of anxiety or depression are significantly interfering with your ability to get back to your normal activities, reach out to a mental health professional for assistance.

"Be kind to yourself," says Hood. "You've lived through an extremely challenging period and it may take some time to get back to your normal. Keep faith. You're almost through the tunnel…and there's light and hope out there waiting for you!"

— Don Sutton, *MoneyTalk Life*

[1] TD Economics. Long-term Forecast. March 22, 2021. Accessed April 9, 2021. https://economics.td.com/ca-quarterly-economic-forecast#question2

[2] Dr. Arthur Bregman. Cave Syndrome: The New Covid Disorder. March 16, 2021. Acessed April 9, 2021. https://www.bregmanmd.com/blog/cave-syndrome-the-new-covid-disorder/

[3] Statistics Canada. Household savings rate, seasonally adjusted. September 11, 2020. Accessed April 9, 2021. https://www150.statcan.gc.ca/n1/daily-quotidien/200911/cg-a002-eng.htm

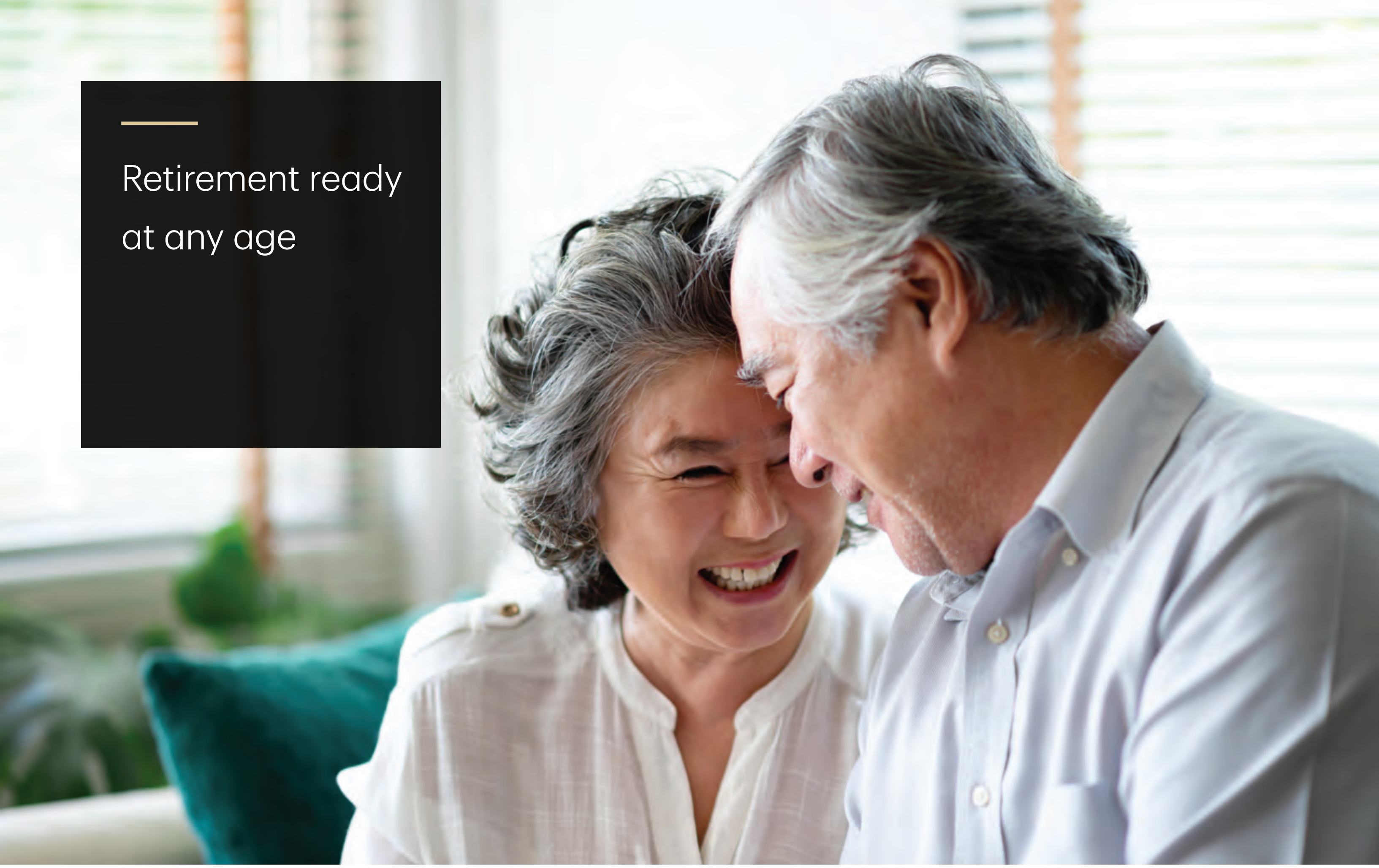
Feedback

TD Wealth's Legendary Experience Index

If you are one of the lucky ones, you may receive an email from tdsurvey@feedback-td.com asking for your feedback via a very short (2 minute) survey. To most individuals surprise, anything less than a 9/10 provides us with a zero so we take these surveys very seriously! Our team's goal is to earn a score of 10 out of 10 for the level of service and advice we provide.

If there is anything we can improve upon, please know that we welcome all feedback and suggestions on things we can do better.

Thank you! We appreciate your willingness to participate.



Retirement ready at any age

How you view your retirement readiness may depend on your age and personality. We've developed a checklist of retirement-ready habits that may help you prepare for the big day — whatever age or life stage you're at.

When you've just started your first job, and the money starts rolling in, it might seem daunting to think about putting money aside — for your big life goals or for a rainy day. It all seems so very far away. As we grow older, the questions grow too: Am I saving enough?

Of course, the day you need that money doesn't have to be rainy. With a little planning, it can be downright sunny (with a beach, some palm trees and even a fruity drink in hand). Yes, we're talking about retirement, perhaps the mother of all financial goals, a day many of us spend most of our careers working toward.

The *TD Wealth Behavioural Finance Report*, a recent study[1] from TD Wealth, found that age and personality can often be a strong indicator of investing and financial planning behaviour — and how Canadians in general perceive their retirement readiness. More than 1,600 Canadians were surveyed, about their financial habits, personality and behaviour. The results suggested that few of us feel sure we will be financially ready for retirement when the time comes. Younger investors, in particular, know they need to save significantly for their golden years, but among emerging affluent investors aged 18 to 34 years, just 20 per cent say they feel confident they will be ready financially when the retirement comes, versus 39 per cent of those 55 and up. With age comes some confidence — and perhaps some savings — but also new expenses, experiences and challenges. Among those surveyed, only one in five parents (22 per cent) report feeling satisfied with their retirement readiness, compared with 38 per cent for couples without children.

The truth is, many of us may be doing a lot of the right things. But whether we're young and just getting started, growing older and getting squeezed, or getting serious with the homestretch in sight, it's understandable that many of us might wonder if we're on the right track. With that in mind, we've put together a series of checklists to share some top behavioural habits that can help create confidence towards retirement readiness. Already got them covered? Awesome. If not, there might be some value in speaking with a financial professional. They may be able to help steer you onto the right track. Check them out.

Retirement ready when you're getting started (18 to 34 years of age)

Retirement seems so far off! Your brain might be telling you it's wise to save for retirement, but right now it's so much easier to picture yourself enjoying a trip to Cuba with your friends. If you're clever about it, you may even manage to do both. The best thing about being in this group? Most of us have time on our side to develop a balance of healthy saving and spending habits. According to the TD Wealth Behavioural Finance Report, younger investors tend to be a little less disciplined and more likely to react to market fluctuations. But what many of us lack in discipline, some of us make up in confidence: In the study, only 15 per cent of so-called "emerging affluent investors" under 35 — those who reported having more than $100,000 in household income — said they had a financial plan with a wealth manager, possibly suggesting a preference for going it alone. Investors in this group may benefit from the structure and discipline that comes from having a strong financial plan, built with the help of an advisor. Here are six other things to consider doing now that may help ensure their retirement is on track down the road:

- **Find an advisor you love**: Start a relationship with a financial professional who understands your priorities. Many younger investors lack structure and discipline in their financial plans, something an advisor or planner may be able to help with.
- **Get goal-oriented** Work with a financial professional to set longer-term goals that are meaningful to you. Looking to buy a home? An advisor may be able to help you buff up on financial concepts and tools that can help you get there.
- P**ay yourself first** It may help to reframe the savings equation, by making saving come before spending. An automatic payment to a savings account, RSP or a TFSA can be timed to your payday so you don't miss the money.
- **Plan for emergencies** If you needed money for a car repair or to replace income if you lost your job, would you know where to find it? You can start building a slush fund for unplanned situations.
- **Have the talk** No, not that talk. If you are in a relationship, you can have a conversation about retirement goals and get on the same page about retirement.
- **Get committed** Tax refunds, salary increases and bonuses can make great opportunities to get ahead on your savings. You can make a pre-commitment to put away a predetermined portion of any tax refund, bonus or raise into a TFSA or RSP. It may feel like free money, but it can also be a painless way to boost your long-term savings.

Retirement ready when you're getting crunched (35 to 54 years of age)

Tell us if this sounds familiar: For once you feel like you're earning a healthy income, but you are never sure where it all goes! According to the TD Behavioural Finance Report, parents in particular reported a major drop in financial satisfaction at this age, as mortgage payments, hockey equipment, post-secondary tuition and the needs of elderly parents can take over. Among all parents surveyed, only 22 per cent reported "very high" satisfaction with their retirement readiness, compared to 38 per cent for couples with no children and approximately 34 per cent for singles. With so much going on, it's little wonder your savings plan might get pushed to the backburner. But all is not lost: You may already have assets such as a house, some RSP or TFSA savings, and maybe even an employer pension that you may be counting on to play a part in keeping you financially afloat during your retirement years. Here are some other behaviours that successful savers can consider to help stay on track during these years:

- **Work with an advisor** If you haven't met with a financial professional or have a goal-based financial plan, now may still be a good time to get one. They can help you to develop a reasonable roadmap to help prioritize and target your goals.
- **Put a picture to your goals** Several behavioural studies have shown that we are better at saving for goals when we attach visible reminders. Want to spend your retirement travelling? You may want to try pinning pictures to the fridge.
- **Review and revise** Some people like lots of contact with their advisor, others may like a little less. You can establish a schedule to check in with your wealth plan and make adjustments as your life changes.
- **Pay yourself first** Finding money left over after bills are paid can be a challenge. Even small automatic contributions to your retirement savings can help maintain momentum and add up in the long run.
- **Ask yourself** Do I really need that? Consumer debt is expensive, but spending less than you earn can be difficult for some. If it's reasonable, making a commitment to live within your means can be an important step towards saving.

- **Keep talking** Have ongoing discussions with your significant other about your retirement, so your dreams and goals can be shared.

Retirement ready when you're getting serious (55 and up years of age)

With retirement on the horizon (along with the thought of enjoying all the epic sunsets you can handle), it's normal to have questions about your next move. At this point you may wonder if you're saving enough or even if you have enough to retire early. If you've been working with an advisor, they may be able to give you an idea of what your retirement could look like and what it may take to get there. According to the 2018 TD Wealth Behavioural Finance Report, older investors like you are more likely to report feeling confident in their financial advisors, more satisfied with their retirement readiness and are generally more relaxed than younger investors. In fact, 41 per cent of investors 55 and up surveyed report that their wealth manager is "worth every dollar." That said, it's not uncommon for life to throw a curveball at this stage, such as an illness or death in the family. It may be helpful to have a plan in place that helps protect what you've grown over the years. Here are six things individuals in this age group can consider doing to see if they are retirement ready:

- **Review your asset mix** At this stage, investors may wish to meet more regularly with an advisor to help review your asset mix and determine whether it's time for your investments to skew more conservative.
- **Plan a tax strategy** As you get closer to a day when you'll start drawing down your savings, you may wish to start thinking about the most tax-efficient way to access your savings, and which assets you will draw on first.
- **Where there's a will...** If something were to happen to you today, would your wishes be clear? This may be an opportune time to review any estate plan, ensuring you have a will and powers of attorney in place.
- **Picture your best retirement** Individuals in this group might be getting a clearer vision of their work-free future. Have you thought about whether you'd like to work beyond retirement age, or whether you're in a position to retire early? These things may play into your income and tax planning.
- **Think about downsizing** For some, having a smaller home can help to free up assets that will be needed in retirement. A smaller home can also be easier to care for. A financial professional may be able to help you decide when is an opportune time to make a move.
- **Watch out for lifestyle creep** For many Canadians, these are our highest earning years. But adding new lifestyle expenses now may raise your retirement budget and expenses. It may also decrease your retirement savings.

— Denise O'Connell, *MoneyTalk Life*

TD Wealth

The TD Wealth Behavioural Finance Report was a quantitative study commissioned in 2017. Conducted online, it surveyed more than 1,600 Canadians defined as affluent (more than $100,000 in investable assets) or emerging affluent (25 to 35 years old with more than $100,000 household income), in English and French.

[1] TD Wealth. "TD Wealth Behavioural Finance Report," February 2018.

This is us