

Six financial secrets every woman must know

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The Women's Collection 2021

The Future is Female

You don't own me

Women are set to control \$93 trillion in wealth globally and reach almost 40% of all wealth in North America by 2023.

Over the next 40 years, there will be an unsurpassed wealth transfer of more than \$59 trillion and women will inherit 70% of estates.

*Boston College's Center on Wealth and Philanthropy 2020



Wealthy Women

Money in Motion

Canadian women control \$2.2 trillion of assets. But that will almost double to \$4 trillion by 2028 and could be a lot more if real estate is included.

Married women control \$1.4 trillion in assets, says a CIBC study, based on figures from Statistics Canada. And 22 per cent of those women say they make the investment decisions for their households.



But First..

Why? What's your story.

You have just turned 90 years of age.

- It's your birthday.
- You are surrounded by your children, your grand-children and friends.
- You are being celebrated for 2 reasons:
 1. They love you.
 2. They admire you because you are a role model of financial independence.

Look at the facts:

- You are in good health.
 - You are living in your beautiful home.
 - You travel anywhere you want to go to, any time you want to.
- In fact, you will never outlive your savings.

In this story, in fact, in YOUR story, your goal is to create wealth for a lifetime.



Because it was your money, honey and YOU made it grow!

The Black Swan

The Unknowable Event

Characteristics:

Extreme rarity

Severe impact Widespread

In hindsight, people will say it was predictable

Death, Disability, Divorce



PREPARE TO BE PREPARED

Bulls and Bears

History Repeating

The average bull market lasted 9.1 year with an average cumulative return of 476%.

The average bear market lasted 1.4 years with an average cumulative loss of -41%

The nature of the market is to advance and contract.

Source: First Trust

History of U.S. Bear & Bull Markets Since 1926

This chart shows historical performance of the S&P 500 Index throughout the U.S. Bull and Bear Markets from 1926 through June 2018. Although past performance is no guarantee of future results, we believe looking at the history of the market's expansions and recessions helps to gain a fresh perspective on the benefits of investing for the long-term.

- The average **Bull Market** period lasted 9.1 years with an average cumulative total return of 476%.
- The average **Bear Market** period lasted 1.4 years with an average cumulative loss of -41%.



Bull

From the lowest close reached after the market has fallen 20% or more, to the next market high.



Bear

From when the index closes at least 20% down from its previous high close, through the lowest close reached after it has fallen 20% or more.



Source: First Trust Advisors L.P., Morningstar. Returns from 1926 - 6/29/18. *Not applicable since duration is less than one year.
The S&P 500 Index is an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. Index returns do not reflect any fees, expenses, or sales charges. This chart is for illustrative purposes only and not indicative of any actual investment. These returns were the result of certain market factors and events which may not be repeated in the future. Past performance is no guarantee of future results.
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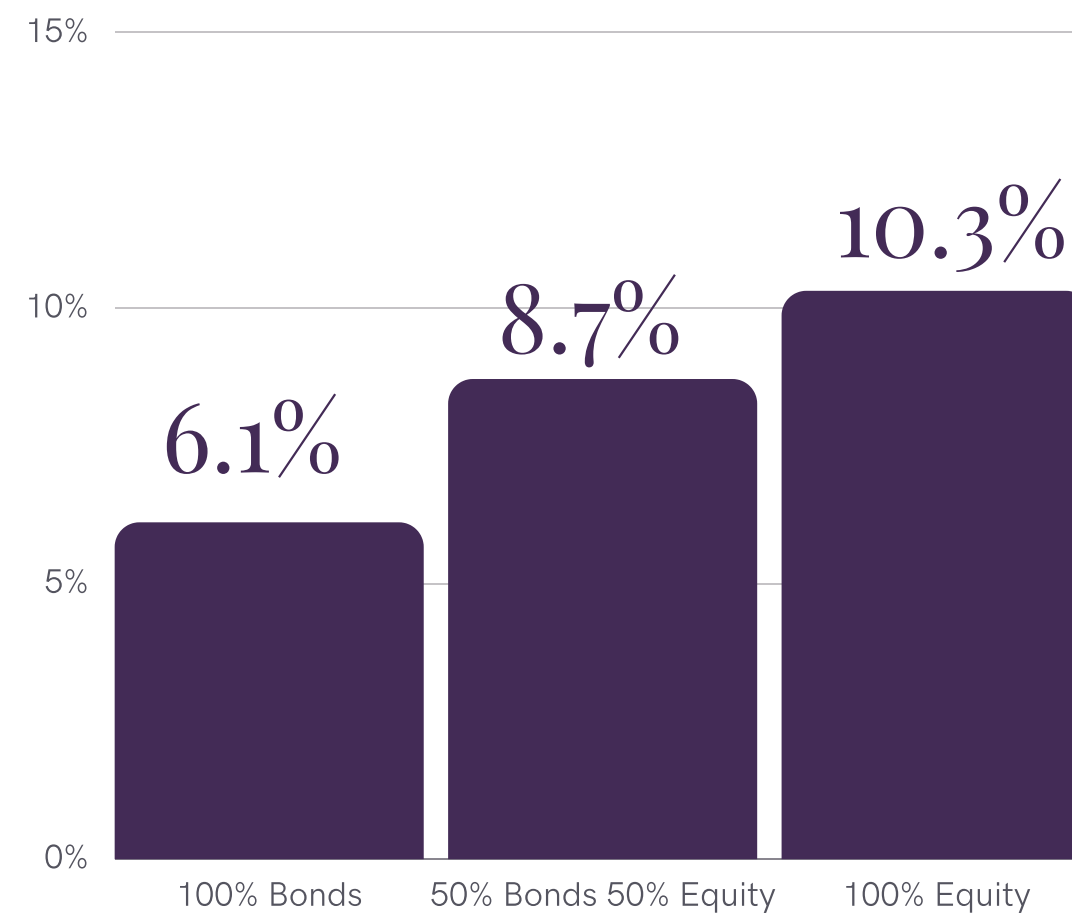
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Historical Returns

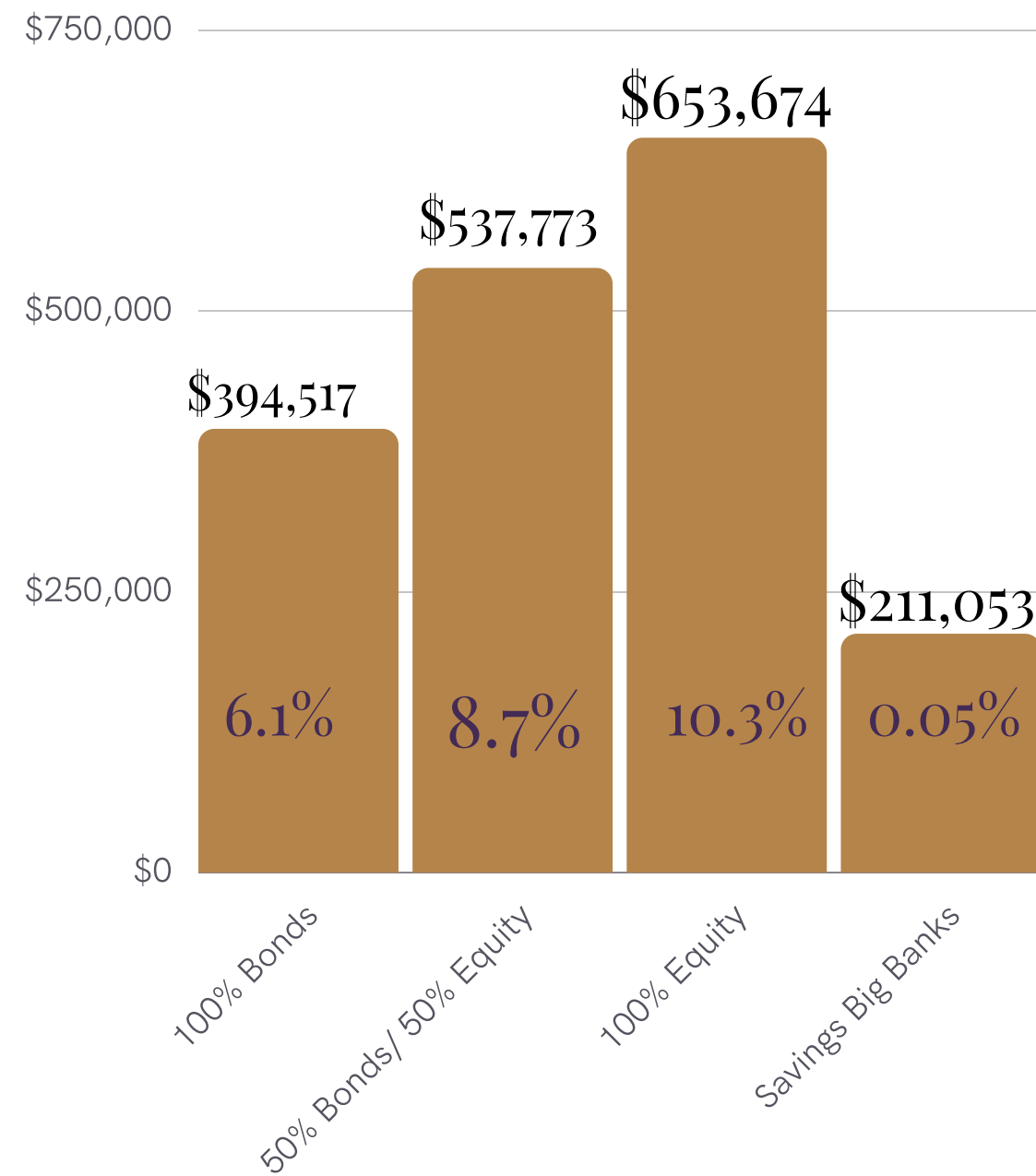


1926– 2020

financialsamurai.com



What's it worth?



\$10,000/ year for 20 years



Six Secrets

Grow your wealth

1. Create Tax Free Dollars
2. The“4 D” method to cutting taxes
3. Minimize investment costs
4. Keep your finances intact - marriage break down
5. Mitigate the risk of longevity
6. Good advice doesn't cost, it pays



The First Secret

Create tax-free dollars

What's the biggest cause of wealth erosion in women's finances? TAX

Open a TFSA and max it out every year. And do it regardless of how old or young you are today.

Limits

2009- 2021: \$75,500

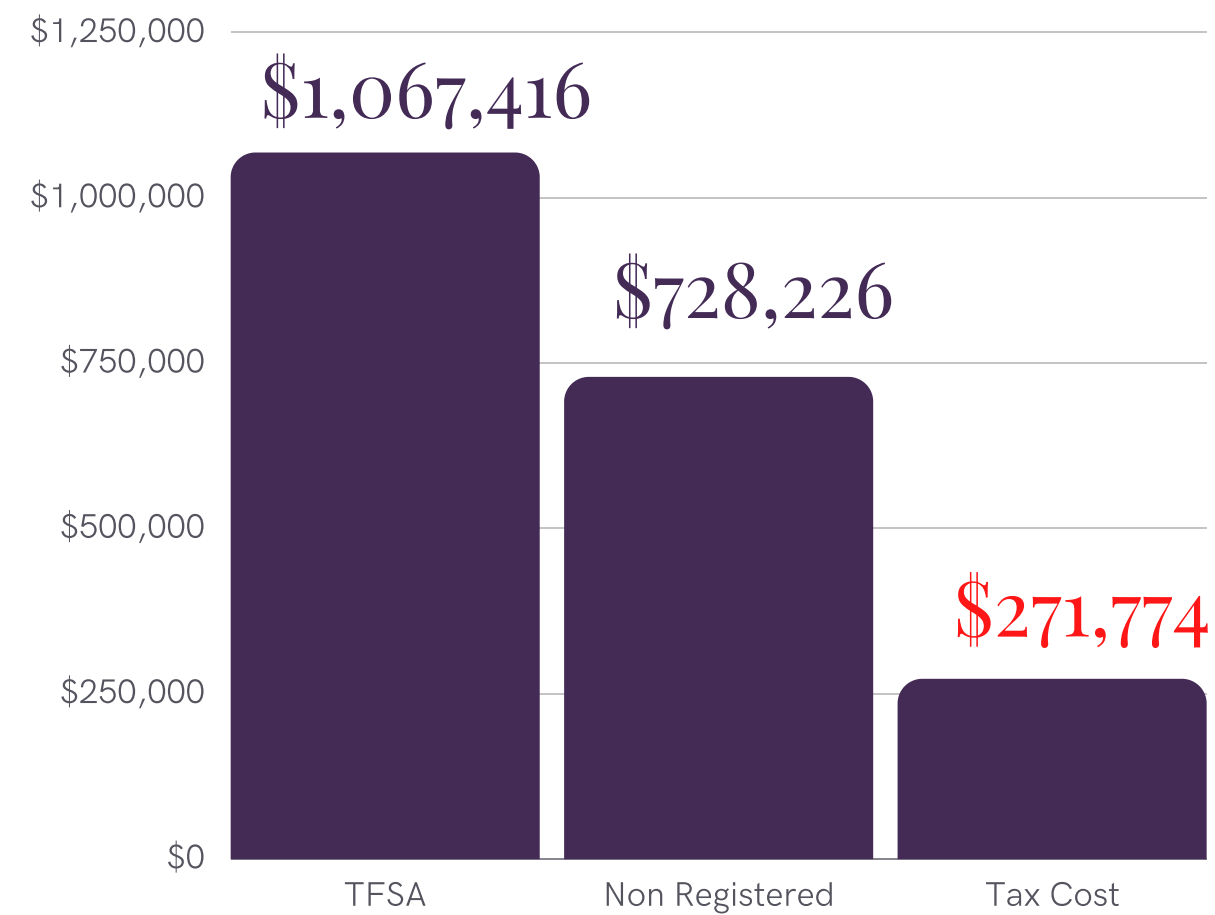
2022: \$6,000

Total: \$81,500



TAX FREE GROWTH!

Tax Cost



Start age 30, \$10K: \$5K per year to 65, 8% ROR

Congratulations, you have just
given the CRA a bonus of
\$270,000
thousand dollar for absolutely
no reason!

The secret is that you never ever
pay tax on the money inside
your tax free savings account –
EVER



The Second Secret

The "4 D" method to cutting taxes

Deduct; Defer, Diminish; Divide.

Deduct and Defer. RRSP You get to deduct your contribution from your income. And tax on income earned from investments in the plan is deferred until you retire.

If you started contributing \$5,000 per year at 25 and contributed to age 65— at 8% you'd have about \$1.4 million, if you started 5 years later at 30 you would have about \$932,000 start at age 40 you would have about \$395,000.



You will not pay a dime of tax on any of the growth until you withdrawal the money in retirement or age 71

...second secret

Registered Education Savings Plan

Divide and diminish.

This structure allows you not only to save for your children's post-secondary education but it also cuts your overall tax bill.

\$2,500 per year for 18 years, 5% ROR, \$7,200 grant money = \$86,597 18 Years compounded growth.
Taxed at your child's Marginal Tax Rate - NOT Yours.

Canadian Education Savings Grant

Lifetime grant of \$7,200 per child.

Contributions are tax sheltered up to \$50K per child.



No tax and free money! You did not deplete your savings or taxable investments

The Third Secret

Keep your finances intact should your marriage break down.

40% of first marriages end in divorce.

It takes an average person 15 years to recover from a divorce financially – some never do.

Divorce cases routinely making up more than 90% of all new cases brought before the civil courts in this country.

Know your financial situation

Prepare for the worst case scenario

Establish a relationship with a family lawyer



The Fourth Secret

Minimize Investment costs

For example the cost includes:

- a) 1% for an equity fund manager's compensation.
- b) Add another 1% for the built-in compensation to pay an advisor.
- c) Add another 0.50% for administration costs.
- d) Add them together and now you have a Management Expense Ratio (MER) of 2.5%.
- e) Fact is: the MER on Canadian mutual funds is the highest in the world, 30-50 BP higher than in the US.



One solution to reduce the costs is to use Exchange Traded Funds (ETF's)

The Fifth Secret

Mitigate the risk of longevity

Step #1:

Work with you financial planning advisor to develop a specific plan to save what you need to save

It is not a one size fits all solution.

Step #2

Instruct your financial planning advisor to assess the cost impact of long-term illness during retirement years.

Those of you over 35-40 should address this issue sooner rather than later.



Know the numbers before its too late.

The Sixth Secret

Good advice doesn't cost, it pays

Financial Advisor
Certified Financial Planner
Insurance Agent
Portfolio Manager
Investment Advisor
Accountant
Lawyer

People who work with an advisor for 15 years or more have 2.3X more assets than those who don't.



It's Time

Good things come to those that wait

Time....It is never to late.

“The best time to plant a tree was 20 years ago. The second best time is now.”

Chinese proverb



Make Money, with Money

Investments

That feeling you get when you reach your goal

Power of compounding

Stick with it

Make it grow efficiently

Diversify

Be realistic



Invest Well.
Live Well.
Be Well.



Thank you for having me The Women's Collection



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