

Seven Principles of Financial Success

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The keys to financial planning, wealth creation and preservation are covered in the following principles. Attainment of one or more of these financial principles does not guarantee success, but engaging in all of these attributes will provide the best and meaningful opportunity to build and preserve true wealth.

PLAN - Summarize the source of your income and where you spend it. Gain a better understanding of spending patterns, where you are challenged in your spending and saving habits. Ensure you provide for regular savings through a workable budget and gear spending according to budget.

PREPARE - Draft a one-page financial summary, listing assets and liabilities, one year goals for savings, spending and giving. The summary should be accessible for quarterly or semi-annual reviews to ensure that you are on track.

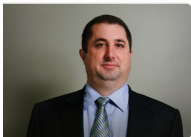
PRIORITIZE - Prioritize your spending from most to least important (groceries, mortgage or rent, emergency, child care, education, transportation). When faced with unexpected expenses or opportunities, financial priorities assist in decision making, and serve to mitigate emotional decision making.

PORTFOLIO - Consider your time horizon and objectives for investments. What are your financial goals and what is your investment risk tolerance, are vital questions that assist in the portfolio construction. Too often, portfolios end up being haphazard collections of stocks or mutual funds. Every investment should be considered with individual or specific entry and exit targets, when to accept gains or losses, and if dollar cost averaging strategies should be incorporated or when they must be eliminated. Avoid the risks of being over or under diversified.

PRUDENCE - Before making financial decisions (spending or investing), consider what you stand to gain or lose. Are these outcomes realistic? Are these expectations too aggressive, or not aggressive enough? How do these potential gains or losses reflect against the type of investor you are? If the investments gain or lose, how will this affect your financial plan?

PATIENCE - The biggest gains from investing come over the long-term. Patience helps prevent against acting on impulse, one of the greatest investment pitfalls. It is most vital to have gained this attribute when confronted with the temptation of wildly optimistic windfalls or seemingly irrecoverable market events.

PERSPECTIVE - Curbing enthusiasm or controlling despair is the key to this attribute. Each investment must be considered on the whole, as part of, not in isolation of your portfolio. The plan determines the investment not vice versa. Never position yourself to worry about or depend on a single investment to fulfill a goal or financial plan.



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John Tabet is a financial advisor licensed as a full-service securities broker as well as an insurance broker. John works with individuals and families to protect and grow wealth. With over 20 years of broad based experience in the financial services industry, John provides clients and investors with a unique perspective on investment management. John has been an independent financial advisor since 2001. The insights, opinions and information shared in this article and series are those of John Tabet alone. They are for information purposes only, and do not construe financial advice.