

COMMON CENTS



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TAKE CONTROL IN 2021: PLAN AHEAD FOR AN UNCERTAIN FUTURE

Every year we watch predictions of what will happen with interest rates, stock markets and real estate. By year end some may have come true, some seem crazy in hindsight and there will be, like in 2020, some that no one predicted.

Did you know that in 1966 *Time* magazine predicted that by 2020 machines would have made everyone in the U.S. independently wealthy? Certainly, a far cry from how 2020 actually turned out!

What this teaches us is we can't predict future events, much less have control over them. What we do have control over is our reactions and emotions. If our financial decisions are based on today's news, it leads to either a knee jerk approach or inaction from information overload. Neither extreme is good for you and your family's well-being.

A better approach is to assume there will always be volatility and unforeseen events. We also need to remind ourselves that over the long term, investments in established companies producing the products and services we use will provide growth and profits, regardless of the short-term news of the day. Would you make a short-term move to sell your home, just because global politics were worrisome?

A solid way to reduce worry over short-term events is to ensure that you have cash or income available for your essential needs for the coming year or two. Do you know what your "sleep at night number" is? Remember, the longer you keep too much of your nest egg "safe" the more risk you run of losing money silently to inflation. This risk isn't as obvious as the news reports of the day, but it is very real.

For 2021, ensure you have a financial plan for the short and long term and that will enable you to focus on what you can control.

For more information visit www.violavanderuyt.ca.

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