Financial coach and Ironman competitor Mark Hudon compares setting financial goals to training for a triathlon: Both require dedication, planning and an honest belief that you can succeed.

Ready, set, GO! No, really this time

We're a nation of financial underachievers because too few of us start with a proper plan, or we get blown off track too easily and fail to follow through

PAUL BRENT
SPECIAL TO THE STAR

New Year's has come and gone and many Canadians have dutifully set out one or more of those annual self-improvement goals: to lose weight, exercise more, get more sleep or watch less TV.

Nearly a month later, a minority might even be sticking with their self-improvement resolutions.

But it's safe to say that a smaller percentage of people have put together a realistic set of financial goals or targets to carry them through this year and beyond — and winning the lottery does not count as a realistic goal.

The lack of goal-setting when it comes to finances is curious, given that nearly everyone would agree they could use a little more money and that financial troubles can cause huge helpings of domestic distress.

So why, then, are we a nation of financial underachievers?

A lack of follow through, for starters.

"A lot of people have goals, but if you ask them if they achieve them, and if people are honest, the answer is underwhelming," says Mark Hudon, a financial planner and "personal financial coach" with GP Wealth Management.

Hudon, who has completed two Ironman competitions (the triathlon variety that includes the Olympic-length 42-km run preceded by a 180-km bike ride and 3.2-km swim), likens creating a set of financial goals to successfully training for such a gruelling physical endeavor.

"It is very, very similar," says Hudon, who is now training for his third triathlon, scheduled for this summer in Europe.

"You have the same steps, the same obstacles — you don't always want to do it, you need to believe you can do it and you need to have a plan."

As a planner, he does believe that most people require the assistance of a financial expert: someone who can keep them focused on the goals down the road and not on the short-term negatives, such as worries about the economy, the state of the markets or the often-debilitating fear of failure.

Mark Hudon took just over 11 hours to finish the Ironman — a gruelling 42-km run preceded by a 180-km bike ride and a 3.2-km swim.

> My job as a financial coach is to help people behave appropriately and avoid inappropriate behavior
>
> **MARK HUDON**

"You can try and do it on your own, some people can, but very few," says Hudon. "My job as a financial coach is to help people behave appropriately and avoid inappropriate behavior.

"It is not about predicting the stock market. The perception out there when people don't meet their financial goals is, 'It's not me, it's the market.' It's not true but that is the perception."

Harkening back to those New Year's resolutions, the planner says that, just like a fitness plan can start with a modest walk around the neighbourhood, realistic financial goal-setting should be started immediately, rather than waiting until next week or next month.

"When is the best time to start? It's now," he says. "What can you do in the next 48 hours to achieve your goal? For the triathlon, I have my plan. It can be modified, but it's a plan with actions starting now."

Having a definitive goal, such as completing (some might say surviving) a marathon or triathalon, is a good example.

That goal could be paying off a monster mortgage, making sure there will be enough money set aside to pay for the kids' education, or comfortably retiring a certain number of years ahead of age 65.

All of those goals are definitive end results from which you can work backwards to figure out what has to happen financially this year, the next five years, and beyond.

Continued on next page

Take stock of your finances each year

Patricia Lovett-Reid of TD warns big financial goals often get lost.

Continued from previous page

"I think it is important for families to establish those goals," says Patricia Lovett-Reid, a senior vice-president with TD Waterhouse, who warns that big, ambitious financial and investing goals often dissipate over time, due to the wear and tear of everyday life.

"When goals are not quantifiable, how can you take corrective action if you are off track, or how do you even know if you are on track," she asks.

One of her solutions? Annual family goal meetings.

"We close off the books at year end and look at where we are at," she says. "It allows you to see where you have done well, were you can improve, and allows you to bring the family into it."

In her family's case, discussion about what to do with a year-end surplus moved from the initial suggestion of a family trip to a request from the kids for another computer. "When people are engaged and they are their goals, they get excited about it. They own it."

> *"People need to understand that part of goals is sacrifice*
>
> **STEWART LANGILLE,** MINT.COM

For Lovett-Reid, having well-defined and tangible goals is the key first step to creating and achieving a long-term financial plan and investment strategy.

"People will come in and say, 'I need an investment strategy' or 'I need to save for my retirement.' But they have not thought about what that retirement will look like. It is really lifestyle that drives the goal-setting process. And your goals change, they are not set in stone."

Although financial planners, not surprisingly, recommend you seek expert help to work through the process of goal-setting and financial planning, there is an ever-expanding array of tools on the Web for do-it-yourselfers.

Most banks have goal-setting and budgeting platforms on their websites, and the latest to enter the DIY financial space is American online personal finance management site, mint.com.

Although sites such as mint.com (or Canadian competitor optimize.ca) do offer goal-setting and financial-planning elements, it's their easy-to-use budget tools that could prove most valuable for families trying to get a grip on finances.

"First of all, people have to have an idea of where their money is going, where they are spending and what their current financial situation is," explains Stewart Langille, director of marketing for mint.com's personal finance group. "Most people don't know if they are under budget or over budget each month."

Mint.com, which recently launched a Canadian version of its financial management online platform, has found that people do a much better job of managing their finances once they see it all displayed on one or two easy-to-read computer screens.

According to a study by the website, 80 per cent of its American visitors slowed or decreased their monthly spending after using the service.

"People often don't understand what it takes to achieve a goal," says Langille. "If you want to go back to school, how much is that actually going to cost, how much do you have to save towards it, and how is that going to impact your lifestyle?

"People need to understand that part of goals is sacrifice — putting discipline in place."

Having already completed two Ironman competitions, Toronto financial planner Mark Hudon is training for his third, this summer in Europe.

SIX STEPS TO GETTING STARTED

1. Set Goals and Objectives: Financial goals may be short-term (buying a car), or long-term (retirement). Assign each one a time-frame and put them in order of importance to you. These goals are the building blocks to any sound financial plan.

2. Data Gathering: Begin by organizing your financial documents: Investment statements, RRSP statements, group benefits information, pension information and latest pension statement, pay stubs, life insurance policies, latest tax return and mortgage information.

With these, assess your current financial situation by completing a net worth statement and a cash-flow worksheet.

3. Analysis: Depending on your short- and longer-term goals, you and your financial planner will need to perform some further analysis to define a roadmap. This may include analyzing your retirement, education, debt or insurance and estate planning needs.

4. Recommendations: Now that you have established goals and objectives, and your financial planner has analyzed your situation, you will want to review the recommendations set forth.

5. Implementation: Once the preparatory work of analyzing, determining and calculating is finished, the most important step is implementing the recommendations to ensure your goals are reached.

6. Monitoring and periodic reviews: Finally, monitoring and reviews by both you and your planner are critical to ensuring your success. Your financial situation should be reassessed at least once a year to account for any changes in your situation. Achieving your goals and objectives are the ultimate measure of success.

Source: Mark Hudon, markhudon.gpwealth.ca