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Maple Ridge News

Financial planning simply done



Diane McCurdy has been offering common sense Canadian advice for while.

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By Phil Melnychuk - Maple Ridge News

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Stock markets are down, unemployment is up and the merry-go-round that's fueled the global economy for years is slowing down.

So what if you, like millions of others, sunk a good chunk of your savings into equities, believing the fun would never end and what goes up will never go down?

It's too late to worry about that now, says Vancouver financial planner Diane McCurdy.

It's too late to bail from the equities and confirm losses and better to ride it out and wait for the recovery, when that happens.

McCurdy has been helping people plan their financial destinies for more than 20 years and has helped more than 1,000 clients and suggests if you have large sums to invest after just winning the lottery or signing with the Vancouver Canucks, it might be a good to park the money for a while until things smooth out.

Things are happening that she's never seen before, she says and fear is playing its part in stalling the recuperation.

"What we do know is at some point it will recover."

But what an opportunity for young people to invest in good quality Canadian dividend funds, when values are low, she points out.

For those people uncomfortable about continuing to invest in stocks it may time to shift those contributions to fixed income where you know the returns, such as bonds or term deposits.

She offers one rule of thumb for determining how much you should be invested in inequities – 100 subtract your age. If you're 40 years old, subtract that from 100 and 60 per cent of your investments should be in equities.

A big part of McCurdy's conservative approach

to managing money (B.C. and Manitoba are best positioned to ride out the recession. Manitoba is a province of savers, so it can better survive the ups and downs, she notes.) is debt – rather the elimination thereof.

“Why pay somebody interest?” she asks.

Your line of credit isn't an extension of your pay cheque.

Actually, McCurdy says the only debt you should have is your mortgage.

Borrowing to buy your first car is OK, but make sure it's a model you like and one that you will keep as long as you can. Then save up as you go along so you can pay cash by the time your wheels have worn out.

“These kinds of things make huge difference in your overall financial plan. But people don't realise that.”

McCurdy says if you manage your money properly, do the right things, it doesn't matter if you make one or two per cent more or less in returns.

Although nations around the world are bent on kickstarting their economies with spending and stimulus packages, McCurdy expects interest rates to stay fairly low the next couple of years until recovery is underway. But long term, interest rates will rise.

She says Canada is well positioned to ride out the recession, thanks in part to its political leadership, first under Liberal finance minister Paul Martin who slashed the national debt and now under Prime Minister Stephen Harper who's continuing to try to control spending.

“Canada is in a good position but we're not insulated. It's a global world today.”

It will be the consumer who will refire the

economy, she adds.


As a final tip, she suggests taking out cheap term insurance on whatever debt you have so that your family isn't put into dire financial straits should something happen to your earning ability.

McCurdy, has written a book, *How Much is Enough: Balancing Today's Needs with Tomorrow's Retirement Goals*, detailing her approach which also is at www.howmuchisenough.ca.

"Look at the worst-case scenario and plan accordingly and everything else is a bonus."

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