NOVEMBER 2023 EDITION

KPW NEWSLETTER

WHAT
ARE YOU
GOING TO DO
WITH ALL THIS
FUTURE

Kleinburg PRIVATE WEALTH
Carte WEALTH MANAGEMENT INC.

WHAT IS YOUR NUMBER?—KPW LIFE PLAN—IMAGINE YOUR FUTURE

VOL. 12, ISSUE 11

***"Time is more valuable than money. You can get more money, but you cannot get more time."* - Anonymous**

Sergio Simone
EDITORIAL COMMENT

Kristina De Souza, CFP
CHILDREN'S HOLDIAY GIFT GUIDE: FINANCIAL PLANNING EDITION

Ryan Simone, CFP, CLU, CHS
PARADIGM SHIFTS IN FINANCIAL PLANNING

EDITORIAL COMMENT

Sergio Simone

Let's talk dividends.

For the last 120 years, dividends have accounted for more than 40% of the returns in the U.S. equity markets, and an even greater percentage in international markets. In the shorter term, say the last ten years we have experienced somewhat of an anomaly, where dividends accounted for only 15% of returns in the U.S. The reason for this is that high-growth companies with their exaggerated growth returns accounted for approximately two-thirds of total returns. If experience has taught me anything in this industry, it is that everything eventually reverts to the mean and I expect that the market will return to a scenario that looks more like the long-term averages where dividends make a significant contribution to returns.

CHILDREN'S HOLIDAY GIFT GUIDE: FINANCIAL PLANNING EDITION

Kristina De Souza, CFP

With the holiday season just around the corner, I find myself scanning my house to see what we can get rid of in an attempt to make space for all that is to come our way in just a few short weeks. Although this process is a "necessary evil", there is something inherently wrong in this approach to dealing with too much stuff. I am all about seeing my kids faces light up on Christmas morning, but I have also witnessed firsthand how these "magical" gifts lose their sparkle all too quickly, end up lost in the pile. As a parent or grandparent, it is only natural to want to give our children as much as we possibly can. But for those who are fortunate enough to have 'all the things', I feel it is time that giving them everything starts to take on a new meaning.

PARADIGM SHIFTS IN FINANCIAL PLANNING

Ryan Simone,
CFP, CLU, CHS

The simplest definition I could find for the term 'paradigm' comes from Michael R. Curtis, author of Client-Centered Life Planning. He writes, "a paradigm is the way we see the world – how we perceive, interpret, and understand". I like simple and that is a simple definition. Going a step further, a paradigm shift would be a change in our worldview. A departure from how we once perceived, interpreted, or understood something. Almost 2000 years ago, the Egyptian astronomer Ptolemy placed the Earth at the center of the universe. This paradigm persisted until the 1500s when Copernicus placed the sun at the center. There was a paradigm shift in the perception, interpretation, and understanding of the world. Financial planning has already experienced a paradigm shift, and with rapid advances in A.I. and computing technology it is certainly headed into yet another paradigm shift.

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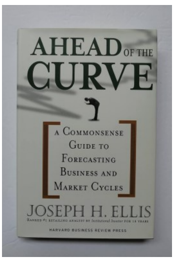
BOOK OF THE MONTH

AHEAD OF THE CURVE—by Joseph H. Ellis



Economic and stock market cycles affect companies in every industry. Unfortunately, a confusing array of anecdotal and conflicting indicators often renders it impossible for managers and investors to see where the economy is heading in time to take corrective action. Ellis argues that the problem with current forecasting models lies not in the data, but rather in the lack of a clear framework for putting the data in context and reading it correctly. Ellis helps readers recognize and react to signs of change. He explains critical economic indicators in non-technical language, identifies and documents the recurring cause-and-effect relationships that consistently predict turning points in the economy.

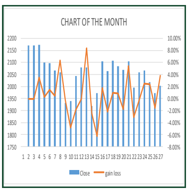
FUND OF THE MONTH

[MACKENZIE GLOBAL DIVIDEND]

The Fund seeks long-term capital growth and current income by investing primarily in equity securities of companies anywhere in the world that pay, or may be expected to pay, dividends. The Fund may also invest in other types of securities that distribute, or may be expected to distribute, income.

CHART OF THE MONTH

[DIVIDEND GROWTH STOCKS HAVE OUTPERFORMED IN VARIOUS MARKET ENVIRONMENTS]



Dividend growth stocks have provided an attractive combination of earnings and cash flow growth potential, healthy balance sheets and sustainable dividend policies. These stocks have historically offered compelling performance during up markets and provided a buffer during market drawdowns and in volatile environments.

BLOG OF THE MONTH

[CREDIT SENTIMENT IMPROVES IN Q3, SIGNALING THE WORST MIGHT BE OVER]

No surprise came from the third-quarter Senior Loan Officer Opinion Survey on Monday as most major indicators pointed to improvement in lending sentiment. The improvement was likely a direct result of the Federal Reserve’s rate pause in September as the central bank began to rebalance its policy to a less hawkish stance.

Given the more recent pause in November, we think that the Fed is likely done hiking rates, and we expect credit standards to loosen further. That, however, does not mean financial conditions are unrestrictive. Credit standards are still far from neutral. The indexes for tightening standards fell to 33.9 from 50.8 for large/midsized firms, and to 30.4 from 49.2 for small firms. The neutral level is zero, which was also the average in 2019.

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PRIVATE WEALTH

INFORMATION AND SOLUTIONS FOR HIGH NET WORTH INVESTORS

HIGH-NET-WORTH INVESTOR SURVEY

Wealth management relationships with high-net-worth individuals are not as sticky as once believed.

Many high-net-worth investors are reconsidering their wealth management relationships as they seek personalized experiences, increased access to products and services, and improved digital capabilities to meet changing needs and expectations.

ADVANCED PROBATE STRATEGIES FOR WEALTHY CANADIANS

Canadians with large and complicated assets should be mindful of the role probate has on their wealth. With fees or taxes potentially taking a considerable chunk out of an estate — for instance, a $1 million estate in Ontario would pay $14,500 — it may be a good idea to learn more on how probate works and how to mitigate its potential impact when your wealth transfers to the next generation. Fortunately, there are several strategies worth considering.

THE SUPER RICH ARE NOW GIVING UP ON THE STOCK MARKET, HOLDING HISTORIC LEVELS OF CASH

Across the country, America's super-rich have reduced their exposure to the stock market by the most dramatic margin in years, according to recent data from the Capgemini Research Institute.

High net worth individuals — defined by Capgemini as those with $1 million or more in investable assets — held over 34% of their portfolios in cash as of January 2023. That's the highest level since at least 2002. It's also significantly higher than the 24% cash exposure these investors had last year.

HNW CANADIANS NOT TAKING ADVANTAGE OF LIFE INSURANCE FOR ESTATE PLANNING

Most high-net-worth (HNW) Canadians plan to pass their estate to the next generation, but many remain unaware of the role that life insurance plays in safeguarding the value of their estate and mitigating the tax implications of a wealth transfer.

"Often, there's a perception high net worth individuals don't need life insurance, yet over half do have a life insurance policy," said Alana Riley, head of mortgage, insurance, and banking at IG Wealth Management. "That's good news, but there's room for improvement."

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CORPORATE CULTURE

PREPARING FOR THE WORST IS HELPING SMALL BUSINESS OWNERS FEEL POSITIVE

s Canada's small and medium sized businesses emerged from the worst of the pandemic, talk of a recession wasn't welcomed, but being ready for it has helped boost confidence.

It's a testament to the advice to be prepared for the worst with most SMBs having adjusted their business strategies in anticipation of a recession and, while this is still a possibility, 88% of respondents to a new poll by KPMG in Canada feel confident in their business growing in the next three years.

UNDERSTAND THE LIFETIME CAPITAL GAINS EXEMPTION

When an entrepreneur brings on a business advisor, they often do so with the intention of gaining sound insight and advice—finding that "second opinion" that can help steer their business in the right direction. But, many times, an advisor turns into something more: a true mentor who can offer guidance, support, motivation and understanding when times get tough, as well as the advice needed to help get you back on your feet.

RISING RATE ENVIRONMENT AND SMALL BUSINESS LOANS

When the economy booms, it runs the risk of inflation. The Federal Reserve raises interest rates to combat inflation, thereby making money more expensive to borrow and discouraging cash flow throughout the economy. This fight against inflation is what causes the rising rate environment. While it's beneficial to the economy as a whole, you could end up paying higher interest rates over your small business loan, credit cards and lines of credit.

THE IMPORTANCE OF BUY-SELL AGREEMENTS FOR BUSINESS OWNERS

A buy-sell agreement can be a critical part of any multi-owner business. The provisions can address a variety of contingencies to help ensure smooth transitions of ownership and continuity of operations.

What this may mean for you: If you are a co-owner in a business and don't have a buy-sell agreement, or haven't reviewed it in years, consider discussing this important document with your advisory team.

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FUND MANAGER COMMENTARY

Phil Taller, Senior V.P., Portfolio Manager

Mackenzie Investments

OPPORTUNITIES ABOUND IN THE SMALL AND MID-CAP SPACE

The U.S. small- and mid-cap equities generally have not done much. They're pretty flattish so far for the year. There is some enthusiasm about a soft landing, perhaps. But, still, I think there's uncertainty and when there's uncertainty, investors tend to gravitate toward large-cap companies that they may feel are more reassuring somehow.

There are a number of tailwinds that could arise for small companies. Aging demographics, infrastructure spending and certainly mergers and acquisitions can pick up. There are times when larger companies who are pushed to find growth in their own businesses will often look for smaller companies to acquire.

Oscar Munoz, Chief US Macro Strategist

TD Securities

HIGHER FOR LONGER (H4L) AND THE CASE FOR A U.S. RECESSION

The U.S. economy continues to defy gravity despite the most rapid monetary policy tightening in recent history. Consumer resilience in particular has provided more support to the idea that a soft-landing remains a clear possibility in the U.S for 2024. Still, we remain of the view that a recession is the most likely outcome for next year despite recent strength in activity data.

Hubert Marleau, Market Economist

Palos Management

THE INFLATION QUESTION: ENCOURAGING

Perception of inflation is as important for investors as actual inflation, especially when both collaborate. A survey for the New York Fed showed that consumer expectation for 12-month inflation is currently 3.6%, down from 3.7%, while 5-year expectation fell to 2.7%. As a matter of fact, the swap market for bonds is presently suggesting that inflation in the month of November, 2024 will run at an annual rate of 2.1%, averaging 2.4% over the next 5 years. The market mood, meanwhile, was generally positive on Tuesday morning ahead of the Bureau of Labor Statistics inflation report

Jean-Sebastien Nadeau, Portfolio Manager

AGF Investments Inc.

BIG PICTURE: ARE BETTER TIMES AHEAD FOR U.S. TREASURIES?

Unless something drastically changes over the next six weeks, U.S. Treasuries on the longer end of the yield curve are set to record the rare feat of having three consecutive years of negative returns (see chart). How rare? The only other time it's happened in the past 45 years was in the late 1970s and into 1980 when Jimmy Carter was the U.S. President and interest rates rose to 20%.

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LINKS

RISING INTEREST RATES AND INFLATION HAVE CANADIANS STRESSING ABOUT MORTGAGE PAYMENTS	6 TAKEAWAYS FROM THE OCTOBER JOBS REPORT	FED EXTENDS PAUSE ON RATE HIKES BUT KEEPS DOOR OPEN TO MOVING HIGHER
CRA ANNOUNCES MAXIMUM PENSIONABLE EARNINGS AND CONTRIBUTIONS FOR 2024	U.S. RETIREE SURPLUS IS STILL NEAR 2 MILLION, YEARS AFTER COVID	BANK OF CANADA LIKELY DONE RAISING RATES, TO CUT BY MID-2024 SAY ECONOMISTS
401k IN CANADA	DIVIDEND FUNDS ARE LOOKING BETTER DESPITE HIGHER BOND YIELDS	GLOBAL ASSET MANAGERS' OUTLOOK DIMS

MFS INVESTMENT MANAGEMENT

THE BIG MAC ON MACRO REGIMES: THE MARKET PARADIGM SHIFT

The prevailing macro regime, the "fear of the Fed," is likely to end in the near future. A shift away from it should bring better prospects for fixed income returns, and in our view it may be time to consider raising allocations to fixed income.

FP

RETIREMENT DRAWDOWN CHOICES

Canadian retirees often have investments in a Registered Retirement Income Fund (RRIF). They are required by income tax regulations to withdraw a minimum amount every year. They are permitted to withdraw more. But should they? Current taxes can be minimized by deferring RRIF withdrawals, but the long-term outcome depends on the taxes that will be paid in the future as well. The choice that will maximize future spendable funds depends on: • the taxes they pay on a discretionary withdrawal in the current year; • the taxes they will pay on investment income outside of a RRIF; • the taxes they will pay in the future if funds are left in the RRIF; and • the number of years until withdrawal is necessary.

VIDEO AND PODCAST LINKS

AVERAGE CANADIAN RENT PRICE HITS NEW HIGH FOR SIXTH CONSECUTIVE MONTH	UBS STRATEGISTS ANTICIPATE DEEP RATE CUTS IN 2024	GETTING COMFORTABLE WITH "HIGHER FOR LONGER"

FINANCIAL CALCULATORS

RETIREMENT CALCULATOR Are you on track to reach your retirement goal? Here's a simple, fast way to see if you are on track.	FIDELITY TAX CALCULATOR Estimates your year-end tax balance based on your total income and total deductions.	RRSP SAVINGS CALCULATOR Estimate how much your registered retirement savings plan will be worth at retirement

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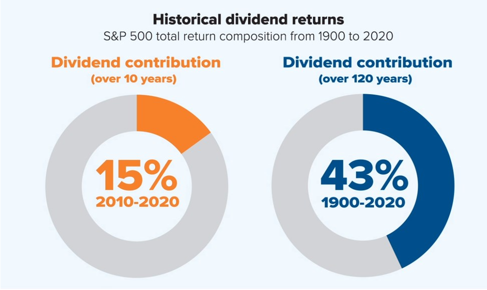
EDITORIAL COMMENT - CONTINUED



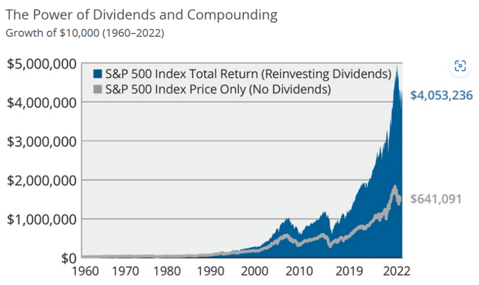
Source: Professor Robert J. Shiller, Dataset, Yale University, CQG Partners. Data supplied by Robert Shiller, CQG Partners calculated total return, valuation change, earnings growth, and dividend contribution. Rates are expressed in percentages and are annualized.

From the aftermath of the Global Financial Crisis to the onset of the COVID-19 pandemic, we experienced some of the most ideal conditions to be invested in the equity markets. Unfortunately, in 2022 we saw a monumental shift in the global markets. For more than a decade we experienced low interest rates, stable inflation and moderate economic growth. This was a trifecta of economic conditions for growth stocks, and grow they did.

Sadly, post pandemic conditions have not been so conducive to this sector. Today we have seen those trends reversed. Today we have rising/higher interest rates, rising/higher inflation and a nagging recession that looms over us.

Since we can do very little to change the economy, we must focus on things we do have some control over. We can work on our portfolio allocations. In this economic climate, quality mutual funds have become more important than ever and one of the most suitable sub-categories are dividend mutual funds. These types of funds are coming back into favor as investors look for companies with business models that have been able to perform well regardless of market conditions.

Dividends have played a significant role in the returns investors have received over the last 50 years. The following chart shows that 69% of the total return of the S&P 500 Index can be attributed to reinvested dividends and the power of compounding returns.



Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. Dividend-paying stocks are not guaranteed to outperform non-dividend-paying stocks in a declining, flat, or rising market. For illustrative purposes only. Data sources: Morningstar and Hartford Funds, 12/22.

Of course, it should go without saying that not all dividend stocks are created equal. It is very important to invest in companies that are able to maintain stable dividend payouts over the long term. Your dividend mutual fund manager should focus on fundamentals and apply close scrutiny of any company it intends to invest in. They should especially analyze the company's operating model and what underpins its profitability and returns on capital. These are the types of characteristics that can reveal whether a company can maintain consistent dividend payments regardless of economic conditions.

While companies do have several options available for the use of capital, dividend payments to the shareholders is a sign of integrity. Higher quality companies tend to generate more than enough cash flow to both reinvest in its business and pay a dividend to shareholders.

With expectations that the Federal Reserve is at the end or at the very least nearing the end of rate hikes, investors have a reason to give dividend funds a second look these days. The Fed is taking a pause (hopefully extended) in its most aggressive tightening policies in a generation that has pushed short-term Treasury yields above 5%, their highest level since 2007. This elevated rate has given investors a viable alternative to the anemically low rates previously offered for term-deposits and GICs. Many investors became enamored with these guaranteed rates and pulled away from Dividend paying equities which had provided some decent returns during periods of low interest rates.

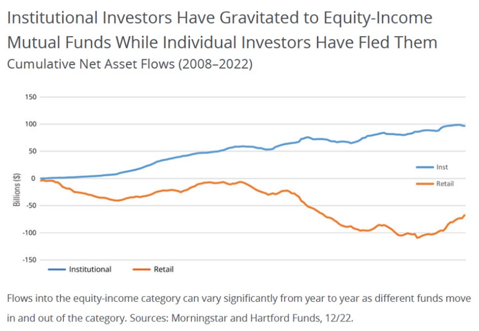
I recently read an article by Jurrien Timmer, director of global macro at Fidelity Investments. He stated, "The 5% you're getting from Treasuries looks to be transitory and that will take some pressure off of these sectors competing for yield. The dividend-paying value side of the market is a pretty compelling place to go to maintain that return."

Howard Silverblatt, senior index analyst, product management, for S&P Dow Jones Indices commented, "Investors are seeking out dividend-paying stocks as a source of total return this year in anticipation that bond yields may falter while stocks continue to gain".

In the investment industry we tend to refer to Pension Plans or Institutional Investors as "smart money" investors. They come by this moniker honestly. Pension plans can afford to hire teams of very savvy investors and their long-term results cannot be denied.

EDITORIAL COMMENT - CONTINUED

Since the aftermath of the Financial Crisis in 2008, institutional investors have been allocating great sums of money to the tune of $97 billion to equity-income funds. I was fascinated to learn that while this was occurring individual investors were with-drawing $68 billion from equity-income funds.

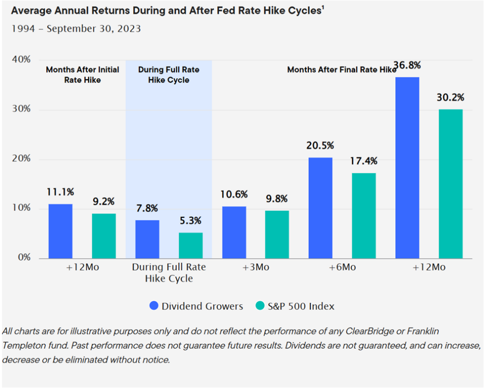


Institutional investors tend to be ahead of the general public when it comes to allocating their dollars, but how long can this disparity last? The fact is that dividends have played a major role in total portfolio returns.

Dividend payors tend to do well when corporations have high levels of cash, bond yields are relatively low and baby boomers are looking for alternative in-vestment strategies to increase the probability that the income from their investments will carry them through retirement.

One thing we can likely agree on is that we are in “challenging markets”. Here is a good reason to consider Dividend Mutual Funds now.

The silver lining is that dividend growth has been a desirable trait for equities during and immediately after past Fed rate hiking cycles.



Historically, Dividend Growers have outperformed the S&P 500 index one year after the final rate hike by more than 6% with an average annual return of 36.8%.

The future of dividend mutual funds looks very promising and given the cur-rent macroeconomic backdrop and the likelihood falling interest rates, I am reasonably confident that dividends will remain resilient and prove exceptionally profitable.

CHILDREN'S HOLIDAY GIFT GUIDE: —Continued

One where we try to transition away from the material items that contribute to our snow balling detrimental waste issue. Just like you and I, our children are developing in a world of consumerism and intrusive social media advertising to give them the newest, the latest and greatest. I feel this era is a double-edged sword, one where affordability is an ever-growing concern, coupled with the issue of environmental destruction with the unbearable waste our earth is facing. On a lighter note, more and more I ask myself; what if we took it back to basics, the simpler things in life, such as gifting our children things like a head start in life or financial security? This concept is not new to our team as we regularly discuss gifting education through RESPs, and even life insurance through children's universal life policies. But there's another strategy we are adding to this meaningful toolbox: Participating Whole Life Insurance.

Fortunately, over the years I have witnessed a shift away from some of the stigma related to children's life insurance but allow me to go over some of the reasons why it may make sense for you in the simplest of terms. One of the major, most obvious benefits is the permanent insurance provided at children's low rates. As a bonus, you may complete these payments over a fixed term of 10 or 20 years. You have the option to utilize a stable investment option with growth that is tax advantaged, and accessible cash value to help fund future events such as education, a wedding, or home purchase to name a few. Bear in mind that the cash value is accessible via a withdrawal, policy loan, or both, and may be subject to taxation. Once the child reaches the age of majority, the ownership of the policy can be transferred on a tax-free basis providing them with their own life insurance policy to meet their financial needs. Regardless of the rationale, there are simple, affordable options available.

More specifically, I recently discovered a strategy in this space that is highly relevant and growing in popularity in today's market. As many of us are aware, guarantees are increasingly rare nowadays. However, this strategy provides guaranteed premiums, cash values and death benefits. It offers flexibility with respect to premium payments, where payments can be made over the life of the insured, over a 10-year term, or for 20 years. There is the added benefit of the option to maximize the tax advantaged growth within the plan by making additional deposits above the premium amount. Keep in mind that limits are set on the amount of deposits you can make to ensure the policy remains tax-exempt under the Income Tax Act Canada. Finally, there is eligibility to participate in the earnings of the participating account through dividend payments. This ultimately provides a stable, hands-off investment option that offers tax advantaged growth. Be mindful of the fact that dividends are not guaranteed and may be subject to taxation. They vary based on the actual investment returns in the participating account as well as mortality, expenses, and other variables.

Although this strategy speaks for itself with the above noted benefits, there are additional optional riders that can be added to these policies to enhance their benefits and meet your unique needs. There is the option for a disability waiver so that premiums continue to be paid should the applicant (payor) die or become completely disabled and unable to make the payments. There's also the option to add on flexible guaranteed insurability options, which guarantees their right to purchase additional insurance in the future without evidence of insurability. Another great rider is critical illness insurance, whereby protection is offered to help manage personal and medical expenses so you can focus on the child's recovery should they fall critically ill. As previously mentioned, there are also riders where you may be allowed to make extra deposits above the required guaranteed premium to help maximize the long-term tax-advantaged growth and value in the policy.

Children's life insurance is more than just a product. It can be a well-established plan designed to meet a lifetime of needs. It can grow with your child to meet their evolving insurance and savings needs throughout their life, and here is how this may play out. A parent or grandparent purchases the policy, and the child has access to the cash value for education and other lifetime needs. As the income grows, the insured makes additional deposits to maximize the tax-advantaged growth in the plan. They have access to the cash value to purchase a home, pay for their own children's education and potentially even to supplement their own retirement income. At the end of the day, the tax-free proceeds may be passed to the next generation when the life insured passes.

As you can see, there are many reasons why insuring the life of a child makes sense. The most obvious, yet often daunting rationale is the financial protection it can offer a family who suffers the loss of a child, allowing them the time away from work that they may need to cope. But the benefits, as we have seen, go far beyond this factor. Insuring children while they are young and healthy is affordable. Doing so allows you to lock in lower rates today before lifestyle or health later in life renders them subject to higher premium rates. Cash values are there over the life of the policy to help fund whatever is needed. It provides permanent insurance protection so they may provide for their own family's financial well being and the tax-efficient transfer of assets to their heirs.

CHILDREN'S HOLIDAY GIFT GUIDE: —Continued

This holiday season, I encourage you to teach your children the importance of saving, the power of compounding, the necessity of planning for the rainy days and the "what if's?". Money can't buy you everything, but it can contribute to peace of mind, and lay the foundation for a life of financial prosperity. Just remember, a little bit of planning today can go a long way over time; it's the gift that keeps on giving.

PARADIGM SHIFTS IN FINANCIAL PLANNING—Continued

To understand where financial planning is going, it is always helpful to explore its beginning. Estate planning and tax planning have the earliest origins, with evidence dating back to 12th century Ancient Mesopotamia. These are two of the oldest professions still around today. Investment brokers, dealers, and insurance agents have been around at various points in history and in some form or fashion but not quite in the same way they operate today. Today's brokers, dealers, and agents can trace their origins to about the 1930s. But it wasn't until the 1960s that financial planning had its own origin story. While on a family trip a man named Loren Dunton was asked by foreigners why American's were so dependent on social security, despite their economic prosperity. His response was that most American's did not plan for retirement. There were accountants, brokers, agents, and so on but there was no professional one could consult with the holistic understanding to help individuals with their financial planning. On December 12, 1969, Dunton organized a meeting with 13 financial professionals, and long story short the financial planning profession was born.

Financial planning has always been limited to the capabilities of computing technology. As computers have grown in power since the 1980s, so has the financial planning paradigm shifted from an era of "investment planning" to an era of "comprehensive financial planning" and eventually lifestyle financial planning or "Life Planning". Each of these paradigm shifts have benefited the profession by forcing it away from an advisor-centered planning process towards a better and preferred client-centered planning process.

The 1980s and the early 1990s are marked as the "investment planning era" of personal planning. It was a good beginning for financial planning, with good intentions but it would ultimately fall short. For example, the software at the time asked simple questions like, how much invested money do you have now? What will you save every year? What is your rate of return? How long can you save it? What is your life expectancy? How much will you need during retirement years?

The software would then use this info to create an investment portfolio that would grow until retirement and then would be depleted during the assumed retirement timeline. If there wasn't enough money, clients would be told to save more, work longer, reduce retirement years, etc. PC hardware at the time simply could not support anything more advanced than this. I have clear memories from years ago when, as a young child, I would join my Dad at his job as a financial advisor - probably on a Saturday since I remember the office always being empty. I would read him numbers from a printed sheet and he would input them into a DOS spreadsheet he kept for his clients. This was back in the day of floppy disks and wood-paneled everything. Good times.

As the technology continued to advance, the software became more sophisticated and financial planners could start building asset-allocation models. There were even a few lifestyle options built into the planning software such as being able to downsize a home or receive an inheritance. This was all possible because of the Windows operating system that arrived in 1992. But it was all still very much stuck in the paradigm of investment planning. The software was limited in its ability to model any kind of lifestyle and clients had to fit the mold of the software rather than the software fitting the mold of the client. As a result, the planning focus was on product– what product will be the best for ensuring a properly funded retirement. The result was that clients were not yet getting what they really wanted or expected. As Michael Curtis writes, "too little attention was paid to lifestyle options – what clients thought and talked about most of the time".

A major leap forward occurred in the mid-90s with the arrival of sophisticated asset and cash-flow financial planning software. It had all the features of the investment planning software but also included features for budgeting, debt management, tax calculations, education and retirement plans, and insurance needs analysis. This was the point where the software started to catch up to the original intention of financial planning – the reason Dunton gathered those 13 individuals into a room – to create a profession that would have a holistic understanding of financial planning. The paradigm had shifted to a new era in financial planning. Since investment planning had already been labelled as 'financial planning', a new term was needed to convey this more thorough approach, and that is how we now have the term 'comprehensive financial planning'.

Unfortunately, this huge advancement in the software and the impact it had on the financial planning profession, meant that there was a false belief that the profession had found the ultimate personal planning paradigm. Comprehensive financial planning would become deeply rooted into the professional financial planner. Also, despite its sophistication, the software was still limited in such a way that the planning process was still advisor-centered. Tactics related to taxes, investments, and insurance remained the focal point between the planner and the client. These tactics dictated the terms of the client-planner relationship. Ultimately, this was a disappointment to clients who, though they may not realize it, expected to see plans that would help them understand their lifestyle options so that they could make financial decisions that they understood and that were in their control.

PARADIGM SHIFTS IN FINANCIAL PLANNING—Continued

With the arrival of a more accessible internet there was a brief leap backwards when web-based financial tools became easily available to anyone with an internet connection. However, these tools were like the types of software being used in the investment planning era in the late 80s and early 90s. It was a regression from where financial planning was heading. This was a period in which optimism surrounding the power of the internet and its wide reach overshadowed the progress that had been made in moving towards better financial planning.

Then, in 2002 with the arrival of the Pentium 4 Intel chip, computing technology had broken through a significant barrier. Software would finally be able to run real-life simulators, giving planners the ability to integrate lifestyle with financial planning. Life planning is about blending lifestyle circumstances and wants with financial planning tactics to create an integrated view of the future (Curtis, 2002). Once this could be achieved, the paradigm could shift from comprehensive financial planning into Life Planning. Planning would no longer be advisor-centered with a focus on planning tactics; rather, life planners would build client-centered plans. These plans would be built on the lifestyle decisions of the client. They could be written for clients so that clients could make important decisions for themselves rather than have someone else do it. After all, the only experts on clients' lives are clients.

You may be wondering why financial planning needs software at all? What about the knowledge of the planner? Isn't that enough? The issue has always been that holistic financial planning is extremely broad and quite complex. Taxes, portfolios, cash flow, insurance, estates are all single actors in a connected network. They are also networks in themselves. As such, the interactions that occur between these actors and within them is highly variable. In other words, powerful software can help bring all of these components into one simplified picture. The planner is the architect responsible for building that picture in a way that best suits the client and is client centered.

With the introduction of AI and huge advances in computing, there will likely be another paradigm shift on the horizon – perhaps within the next 5 years. It's hard to say exactly what it will be; however, I do know this: without a doubt, the shift will push planning deeper into the client-centered paradigm.

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