Make Sure You Understand Your Goals

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Everyone has different goals at different times in their life. You are unlikely to have the same aspirations now that you had when you were a teenager. Younger adults put much more emphasis on status, often measuring themselves against their peers by material wealth. As we age, our yardstick changes. The striving to have the biggest house or the most toys fades away and we value relationships with friends, spouses, family and colleagues much, much more. This is generally why older people tend to measure higher on the scale for a 'sense of contentment'.

So, if our life goals change as we get older do our investment goals need to adjust as well? To answer this, you have to ask yourself what is it that you want your investments to do for you. A young person or novice investor may answer that they want to be rich (most not really defining what rich is -which is the first problem). So, they begin by buying highly speculative investments such as penny stocks, usually recommended by a friend or from following the latest market trend they hear about in the news. This strategy may not work at all or in today's highly liquid environment, it could appear successful for a year or two. However, for the vast number of these speculative investors, eventually the music stops and there is no chair to sit down on. This financial loss usually makes a person realize that some solid financial advice, from a knowledgeable advisor is needed.

Older people usually fall into three camps. First, there are the ones that were once the young people described above who were so adversely affected by the experience of losing so much money, that they retreated to GICs and/or cash investments. They never again want to see any fluctuations in the value of their investment accounts. These people are not maximizing their investment earnings potential and in today's historically low interest rate environment are having to revise their risk tolerance. This can be very difficult for older clients to conceptualize and relate to.

The next group of mature investors finds an investment advisor without doing enough homework and they end up in investments that are not suitable for them, but perhaps they are not effectively advised. This latter group is where I see most of the problems. The vast majority of financial advisors put their client's interests first but some fail to explain adequately the features, specifically the risks, of the recommended investments. I have been guilty of this myself in my younger days. Sometimes we assume clients know more than they do. It is not a matter of misinformation but miscommunication.

The third group of more experienced investors are the ones that get to know their advisors and ensure that they are a good match. Besides obviously trusting their financial person there needs to be a personality fit. This relationship will likely last years or decades and having a good connection strengthens the likelihood that changes in your circumstances and life will be passed on to your advisor in a timely manner.

As we get older do our financial goals change? Yes, they do. The extent of that change is dependent on your unique circumstances. So when the day comes that you realize you need some help with your financial life make sure that you find an advisor that you trust, have a harmonious relationship with and make sure they offer you risk appropriate solutions that will suit your individual investment needs.