



*Dreams cost nothing...
Implementation gets expensive.*

Acquiring Your Wealth To Fulfill Your Dreams

Luck is when preparation meets opportunity.

Seneca

Robert Livingston
January 2025

www.dreamscostnothing.com

The views and opinions expressed in this essay are solely my personal views and opinions based upon my personal experiences, and do not represent the views or opinions of my employer.

Introduction

Acquiring one's wealth is a decision, accompanied by a plan, implemented with discipline, and nurtured with patience.

It is that simple.

Acquiring Your Wealth to Fulfill Your Dreams is the first essay in a three-part series on wealth management. This essay is not about making money; rather, it is about learning how to prudently save some of your hard-earned income. If you have made the decision to take personal responsibility for managing your wealth, this essay will provide the basic tools you need to acquire your wealth. The primary audience is young adults who have just started their first job. However, the concepts discussed apply to any age, whether you are a teenager or an adult in your mid-forties. The prerequisite needed is the decision accompanied by the commitment to take personal responsibility for your finances.¹

To acquire your wealth and have it create opportunities, you must start by learning the basics of wealth management. The process starts with a decision to take personal responsibility for your financial affairs. The decision must be accompanied by a commitment to exercise discipline and patience. Finally, the process requires you to define your "achievable" goals and create "realistic" plans to achieve them.

Sound simple?

It is.

If you want to skip these steps, I suggest you buy some lottery tickets. At least with lottery tickets you will find out quickly if your plan is working.

Whether you agree or disagree with my ideas, I hope they will generate discussion, and help you better acquire your wealth to fulfill your dreams.

¹ *Managing Your Wealth to Fulfill Your Dreams* discusses how to prudently manage your acquired wealth. *Giving Away Your Wealth to Fulfill Your Dreams* compares your two long-term choices around wealth management — leave it to your family and/or the community you live in.

Table of Contents

Chapter 1	Seeking Financial Independence	1
Chapter 2	<i>Freedom 65</i>	6
In Closing		7
Frequently Asked Questions		8
About the Author		9

Chapter 1: Seeking Financial Independence

The choices we make are ultimately our responsibility.

Eleanor Roosevelt

1.1 A Lack of Responsibility

The most common mistake in acquiring your wealth is the unwillingness to take personal responsibility for managing your finances. You would rather have someone else do the work.

When people fail to take personal responsibility for their financial affairs, one of the common results is they end up with too much debt. The natural tendency in life is to want things now rather than waiting to acquire them at a later date. To do this, you either must win a lottery or take on debt. I am not against using debt to acquire assets, but debt should be used judiciously to acquire long-term assets. Debt should not be used to finance current needs such as travel, clothes, and entertainment. A high percentage of Canadians back themselves into the position of acquiring permanent credit card debt. At the interest rates the credit card companies charge for overdue payments, you should be very careful to avoid this trap.

When you finance the purchase of your house with a mortgage, take the time to understand your obligations. Do not borrow to your limit — allow yourself some wiggle room. Don't ask: "*How much will the bank lend us?*" Rather, ask: "*How much can we afford to borrow?*"

Of course, we sometimes acquire too much debt because we don't watch our expenses. Managing your expenses is your responsibility and no one else's. You can't blame others when your expenses get out of control.

My Advice

You need to make the decision to assume personal responsibility for your finances.

The process requires you to change your approach in acquiring your wealth. Start with a change in your philosophy:

- Take personal responsibility for your finances
- Believe you can succeed, with trusted advice
- Establish realistic dreams
- Look for a long-term solution to fulfill your dreams and goals
- Create simple plans
- Practice discipline and patience
- Never give up

If you follow these simple steps, you will begin to understand the basics of wealth management. You will be starting the process of acquiring and managing your wealth.

An important step in taking personal responsibility for your finances is to prepare a budget.

A budget provides a reality check for what you can afford and more importantly, what you cannot afford. Without a budget and a plan, you are living in denial. Sacrifices will have to be made to make the budget work. For example, students could live with their parents for the first couple of years post-university; they could forego the car and travel the better way; they could take their lunch to work. There are many other examples that apply to your personal situation. The decision to acquire your wealth requires your commitment.

If you develop this philosophy early in life, acquiring your wealth will almost become second nature. Living beyond your means will lead to trouble. Don't go there!

The choice you make is yours and yours alone.

The Benefits for You

The immediate benefits of a budget will not only be better cash flow, but also a better understanding of how your hard-earned money is being spent.

The longer-term benefit will be learning, and more importantly practicing, one of the most important skills in life — discipline. Discipline plays a critical part in acquiring your wealth. Discipline is the cure for procrastination. Jim Rohn, a well-known personal development speaker, defines the importance of discipline: "*Discipline is the bridge between goals and accomplishments.*"

1.2 A Lack of Knowledge

The second mistake in acquiring your wealth is that many people outside the financial industry find the topic of wealth management either extremely intimidating or very boring, or both. Our industry has failed to explain the topic in easy-to-understand terms which would encourage more active involvement by the public.

The result is many people have a general lack of knowledge when it comes to understanding the basics of wealth and the steps needed to acquire and manage their wealth.

My Advice

You need to distinguish between what you know and, more importantly, what you don't know. Many people who are not familiar with wealth management don't take the time to find someone who is trustworthy, knowledgeable, and unbiased. I find it amazing how few people ask knowledgeable family members for advice. If one is not available, I recommend you retain a fee-for-service financial planner. If you are in the *"don't know"* group when it comes to wealth management, I urge you to seek out a trusted advisor.

Of course, I am sensitive to the fact that many people do not want to share their financial situation with others, especially family members. There can be a cost in taking this route so review your options carefully. Avoid, if possible, building a wall of secrecy around your money.

The Benefits for You

A trusted advisor will teach you the basics of wealth management and help you to better manage your finances. Over time you may begin to enjoy the process, achieve a sense of accomplishment, and gain the confidence to expand your financial horizons.

In the longer term, you will begin to understand how reaching out to others will help you better manage your life. No one has all the answers. Reaching out to others requires an inner self confidence, humility, and initiative. Don't wait until the challenges become problems. Get ahead of the curve. There are three ways to learn from mistakes. First, there's the easy way, learning from others' mistakes. Then there's the hard way, learning from our own mistakes. And then there's the tragic way, not learning from either.

I suggest the first way.

1.3 A Lack of Vision

The third mistake is most people don't develop their vision which involves establishing your dreams, defining your goals, and creating your plans. If you lack confidence around money matters, you might feel the bar is set too high to learn the basics of wealth management. Instead, you might prefer to jump right into spending your earnings and, as a result, you never acquire any wealth.

How you acquire and manage your wealth involves many choices. Every choice requires a decision. You can either make the right or the wrong decision, recognizing no decision is usually the worst decision. When you make the right decision, it must be accompanied by a commitment. The decision requires knowledge and wisdom. The commitment requires a plan, discipline, hard work, passion, and patience.

My Advice

The best way to develop your vision is to write down your dreams, your goals, and your plans. Experience has taught me: "*A goal without a plan will remain but a dream.*" Acquiring your wealth requires planning. It is that simple.

Here are some questions that to create a well-structured plan:

Who is managing your plan? The complexity of your goal will determine whether you manage your plan yourself or seek professional advice. In my essay *A Tale of Two Cities*, I share a story about opening bank accounts for our children; clearly most of us can do it ourselves. However, when it comes to managing a Registered Educational Savings Plan to fund your children's post-secondary education, most people should seek professional advice.

What resources are needed? To implement a plan costs money. The most common mistake made by investors is to underestimate the costs involved in conducting their plans.

For instance, if one of your goals is to provide a post-secondary education for your children, the Registered Educational Savings Plan is a wonderful vehicle to help fulfill this dream. But the goal will cost money. Before you set up a plan, take the time to put together a budget to determine your annual contribution. If there is a shortfall (and in most young families there is), determine if there are other family members (i.e., grandparents) whom you can ask for support.

What kind of plan? Most plans fail because they are too complicated. Any plan requires discipline, patience, and time. If your plan is too complicated, you may run out of discipline, patience, and time! I see this mistake too often — people create plans that are far too complicated.

After your budget has been prepared and a trusted advisor consulted, the last step in acquiring your wealth is to start a savings plan.

Here are some guidelines for establishing your savings plan:

- Keep your plan simple
- Make your goals achievable
- Practice discipline and patience
- Review the plan regularly
- Make sure there is a sense of accomplishment

The only thing worse than no plan, is a plan without commitment. A lack of commitment causes you to live a life of false security and denial. All this accomplishes is frustration and unfulfilled dreams.

The Benefits for You

The immediate benefit is peace of mind. Having some money in the bank for those "rainy days" is a wonderful asset. The reality is most people live pay cheque to pay cheque, and when something unexpected occurs, they panic. The bills must be paid and there is no money to pay them.

The longer-term benefit is a strong balance sheet that will allow you to take more risks.

Chapter 2: *Freedom 65*

Don't wish it were easier; wish you were better. Don't wish for less problems; wish for more skills. Don't wish for less challenges; wish for more wisdom.

Jim Rohn

In 2009, the Canadian government introduced a program called the Tax-Free Savings Account. Canadians 18 years and older can contribute \$7,000 annually to their plan². Simply put, it is an investment account with checking privileges.

The TFSA is a wonderful gift from the Canadian government. It is simple to understand, manage, and is cashable at any time. It can help young adults learn how to manage their finances.

Let's assume you invest \$7,000 per year, starting at age 25. Now I know saving \$7,000 for most twenty-five-year-olds is extremely difficult, if not impossible. Save as much as you can afford in the early years. The plan is cumulative, so when you can afford it, you can make up for those years where you were unable to contribute the full amount.

Assuming you invest \$7,000 per year in your TFSA for the next 40 years, compounding tax free, here is the nest egg you can expect:

- Earning 4% per year for the next 40 years your plan would grow to \$665,000
- Earning 5% per year for the next 40 years your plan would grow to \$846,000
- Earning 6% per year for the next 40 years your plan would grow to \$1,083,000

Assuming at age 65, the plan earns 4% per year, your TFSA could pay out between \$50,000 and \$80,000 per year for the next 20 years (until age 85) before the capital runs out.

Freedom 55 was a wonderful marketing campaign started many years ago by London Life. Through prudent investing in London Life investment products, an investor could happily retire at age 55. Today, it is clear that *Freedom 55* is a very unrealistic dream for most people. In fact, I remember several years ago a colleague mentioned he was working on "*Freedom 85*". London Life should modify their marketing campaign to *Freedom 65*. Low interest rates, volatile stock markets, longer life expectancy, and higher medical costs make *Freedom 55* unattainable for most of us.

And even *Freedom 65* will be a stretch for many people, especially our children's generation known as Generation Y. However, through proper planning, discipline, and patience, this goal can be achieved. By implementing and sticking to a prudent savings plan, you will achieve a greater degree of freedom in your financial affairs when you retire. *Freedom 65* can be achieved, but only if you start early.

² The annual TFSA dollar limit for the year 2025 is \$7,000.

In Closing

Success is a few simple disciplines practiced every day.

Jim Rohn

One of my dreams in life is to achieve financial independence which I define as reaching a point in my life where I am managing my money, rather than my money is managing me. Learning how to acquire wealth is a critical first step in achieving financial independence.

Achieving financial independence is a common dream for most people; unfortunately, the dream is not achieved by most. You must take personal responsibility for your finances. You must make the decision. You must define your goals and create your plans. Otherwise, you may also be working on *Freedom 85*.

And never forget.

Dreams cost nothing. Implementation gets expensive.

Frequently Asked Questions

Teachers open the door, but you must enter by yourself.

Chinese Proverb

Question	What is the most common mistake in wealth management?
Answer	Failure to take personal responsibility to manage your finances caused primarily by procrastination, plain and simple.
Question	How do I choose a trusted advisor?
Answer	A good starting point is to choose someone who appears to have their financial affairs in good shape. I would start with family or a good friend. If neither is available, I recommend a fee for service financial planner.
Question	How do I go about preparing a budget?
Answer	Start with a pad of paper and a pen. First itemize all your revenue — income from work and any investment income. Next itemize all your expenses. Create a spreadsheet outlining the monthly revenue and expense items. If you feel this is beyond you, reach out to someone who understands the process and, if necessary, pay them.
Question	What is the difference between a TFSA and an RRSP?
Answer	A TFSA allows you to contribute up to \$7,000 per year. There is no tax deduction for the contribution, but any withdrawals are tax free. An RRSP allows you to contribute up to 18% of your earned income per year. The contributions are tax deductible, but any withdrawals are taxable.
Question	If I can't afford both, should I invest in an RRSP or a TFSA?
Answer	The choice depends upon your tax bracket. If you are in a low tax bracket, I recommend you invest in the TFSA. If you are in a high tax bracket, it might make better sense to invest in a RRSP. It would be wise to first consult with your investment advisor.
Question	Discipline is not my strong suit. What do you recommend?
Answer	I recommend you sign up for preauthorized contributions, or PACs, to fund your investment plans. Every paycheck will have a certain amount automatically deducted and transferred as a contribution to your TFSA or RRSP.

About the Author



Bob Livingston has spent over 50 years on Bay Street, on both the sell-side and buy-side. In the last 20 years he has made numerous presentations on wealth management and has spoken at several conferences on the part philanthropy can play in managing your wealth. In addition to Bob's financial management experience, he has become interested in personal development. He has made numerous presentations to high school and university students, stressing the importance of wealth management and personal development.

Bob has authored numerous essays on family issues, personal development, philanthropy, and wealth management. Two common themes in his essays are the importance of developing financial responsibility in your life as well as increasing personal involvement in your community. These goals can be realized by learning the basics of wealth management and making personal development an integral part of your operating DNA. Bob uses numerous family anecdotes to illustrate his personal journey in pursuit of these two goals.

When asked why he has such a passion for personal development, Bob's answer is simple: *"It is my way of giving back to the community, it expands my comfort zone, and most importantly, I am having fun doing it."* Bob has come to realize one of his true passions in life is helping others achieve their dreams.

Bob has developed a website, *Dreams Cost Nothing*, where you can access his reflections on family issues, personal development, philanthropy, and wealth management. There is also resource material available regarding specific topics like organizing your financial documents and starting a personal development library.

Bob suggests that you never forget: *"Dreams cost nothing. Implementation gets expensive."*

Contact Information

Robert Livingston
bob@dreamscostnothing.com

www.dreamscostnothing.com

Any material from this essay may not be reproduced without express written permission from Robert Livingston.

My website and my essays do not represent professional investment or financial advice and are not intended, and should not be relied upon to provide investment, tax, or financial advice.