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Times they are A'Changing

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My annual industry conference is always enlightening, and usually there's a little fun thrown in. This year was especially interesting, as much of the core base was the pace of change and how that change is impacting technology, and our industry. 4 keynote speakers, 2 of which are known for writing in its own right, David Frum and Leonard Brody, "The Great Re-Write", had great information to share. I will attempt to provide just a sampling of the great visions that were discussed.

The pace of change is increasing at the fastest rate since it's been measured. We are now going through the biggest shift in human adaptation and institutions that we've lived through. Technology is influencing this, but it's also about how we are demanding change in our lives, in our industry, and in how we interact with technology. For example, fewer believe in marriage, and fewer practice formal religion. Traditional lifetime jobs and pensions have gone by the wayside. What does this have to do with technology? It highlights that human trends are changing, and that technology is ever increasing. It's not driving our change; our changes are driving the demand for technology. Retirement for those under 35 will not look like those that are now 60+. The change in the workforce, and demands is a key part of why there will likely be big changes here. Changes to the pension income system, will mean more independent choices for those that are younger. Rather than a big retirement at 65, those younger may take sabbaticals for 1-2 years throughout life.

Technology is changing so fast that identifying the types of job positions available in 10 years is difficult to do, let alone in 25 years. It's changing based on our changing priorities, and its influencing relationships. So, ensuring we in the wealth management industry keep up is critical. Hence the many changes to product options, to fee structures, to enhanced transparency and to online options. With the ongoing easing in the monetary system (over the past 10 years) throughout much of the developed world, this has created enhanced demand in the capital market and looser central bank decisions. That is more favourable to equity markets, and real estate. We are now seeing shifts in valuation of assets, and potential growth going forward. It's been acknowledged for at least 5 years that growth rates will shift, volatility will be enhanced, and there are few places to hide from that volatility with interest rates creeping lower. But along with these changes comes increased complexity in assessing your situation, in finding the best options to meet all your priorities, and in understanding all the options available.

The old idea of living off the interest is not as easy to accomplish now, when interest rates are very low, and negative in much of the developed world. Going forward, it will mean ensuring that you understand your direction, and more will depend on your behaviour and savings strategies. While access to items that encourage do-it-yourself options are everywhere, the added complexity of the investment world means that working with a professional may be even more critical than it is today. A constant change in products available and how they are delivered will be the norm in the future. The one constant is that we as humans are hardwired to make poor financial decisions. We can be trained to do better, but it's not in our nature. Our core instincts are to move with the herd and flee from danger (volatility in the stock market). That's exactly when bad decisions can be made, so ensuring that we maintain the focus, and the relationships that keep us on track will allow you to achieve a better future.

In the coming months, I will be sharing more of the technology changes, and new products available, as many have been given a lot of attention. Understanding when it's right to consider these options will be featured. For now, focus on your priorities, and your gameplan to get to the destination that makes sense. But, just remember, the investment path is never straight, just like your life. There are usually a few bumps along the way.

Janine Purves, CFP[®], CPCA, CCS a Senior Financial Advisor with Assante Capital Management Ltd., works with individuals and business owners in wealth creation and management. The opinions expressed are those of the author and not necessarily those of Assante Capital Management Ltd. Assante Capital Management Ltd. is a member of the Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada. This material is provided for general information and is subject to change without notice. Insurance products and services are provided through Assante Estate and Insurance Services Inc. For future questions about this article, or a complimentary copy of "Retirement Stress Test" contact Janine at (905)707-5222 x22 or e-mail jpurves@assante.com.