Making sure you’ll have enough money to live comfortably—no matter what’s going on in the markets or in your life—is something all investors should strive for, regardless of net worth.

Financial success doesn’t necessarily mean having great wealth. What it does mean is that you’ve created a structure that protects your financial security no matter how many or how few assets you have.

More than just your portfolio
Of course your investments are important. Making sure your portfolio is properly diversified and selecting the appropriate asset allocation for your goals and risk tolerance are the first steps toward building a good financial foundation. But it doesn’t stop there. You still need to take some other measures to protect yourself and your assets in the event of a financial setback.

First order of business: an emergency fund
Consider setting up an emergency fund to help with any unexpected financial need. Generally, your fund should hold enough money to cover approximately six months of household living expenses. But you won’t want to fund your emergency account with stock investments. Why? You want your emergency fund to be liquid—that is, the assets in the account can easily be turned into cash. Instead, your emergency fund should consist of cash, certificates of deposit with varying due dates, Treasury bills and other short-term debt instruments and money market accounts.

By establishing an emergency fund, you’ll also help protect your investment portfolio. Without such protection, you might be forced to sell investments prematurely or take out a loan when interest rates are high if an emergency hits. Either course could impact your investing strategy and prevent you from reaching your financial goals.

Insurance can help
Adequate insurance coverage can lessen the risk you or your family will have in the event you’re unable to provide for them. Disability insurance replaces a percentage of your income if you become disabled and can’t work. Life insurance ensures your family can maintain its standard of living.

For further information on retirement planning
Taking steps to protect your portfolio and other assets in the event of an unanticipated financial emergency is a smart move—for everyone.

For additional retirement planning resources, we invite you to visit our Resource Library on mybmoretirement.com or call the My BMO Retirement Line at 1-800-858-3829 to speak with a BMO Retirement Services Specialist.