Preparing for Retirement A-

Getting Started

Laying the groundwork for your financial plan

An educational program for individuals and families anticipating or now in retirement

FIRST SOVEREIGN
INVESTMENT MANAGEMENT

Hosted by York University's Retirement Planning Centre

Preparing for Retirement A-

Getting Started

Laying the groundwork for your financial plan

Financial planning is a process... not an event!

Financial planning is important because it focuses on you; your life; your choices; your priorities and your dreams. One of the main reasons that most of us don't plan our financial future is that we haven't really defined our goals! We haven't thought seriously about where we want to go... what we really want out of life. We have no system to guide our spending.

Financial planning involves assessing where you are now, deciding where you want to go and determining how you will get there. Understanding and using the financial planning process helps you in the achievement of your goals. Effective cash management is essential for the success of your financial plan.

The focus of this module involves the following:

1) The Financial Planning Process

2) Cash Management Strategies

The Financial Planning Process

Financial planning is the process of defining financial goals, analyzing your personal and financial situation and, developing and implementing strategies for the attainment of those goals. It is important to know how to set goals. We should plan with the end in mind to ensure that we do not arrive at an undesired destination. It is also important to have a clear picture of where we are now, financially. We can accomplish this through the compilation and analysis of Net Worth and Cash Flow Statements.

Cash Management Strategies

Efficient and effective cash management is a major contributor to a successful financial plan. Various strategies, designed to enable you to have discipline and take control of your cash flow, are discussed here. These include "pay yourself first" and a simplified cash flow system. We also have to look at mortgage interest reduction strategies.

Mortgage interest is often responsible for a large bite out of our net cash flow.

It's important to know that this module will focus on the **process** of financial planning. It is a starting point; a foundation for the other modules in this program. This module does not present comprehensive strategies in personal finance. Its focus is cash management, which is an essential ingredient in any successful financial plan.

First Sovereign Investment Management Inc.

- Financial education and counselling
- Objective, unbiased courses
- Network of alliances with qualified professionals

Learning Objectives

- To understand the financial planning process and its importance
- To gain an awareness of cash management as an essential contributor to a successful financial plan

Agenda

- Introduction
- Financial Snapshot
- Establishing Goals
- Financial Planning Process
- Financial Statements
- External Factors
- Cash Management Strategies

What do you want to learn in today's session?

List 2 or 3 main points.

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Financial Snapshot

How does your picture look?

Individually, answer the following questions:

Financial Snapshot

	Yes	No
1. Have you set specific, measurable and attainable short & long term goals?	❒	❒
2. Have you discussed goals with spouse/partner?	❒	❒
3. Have you planned and implemented strategies to achieve your goals?	❒	❒
4. Have you found advisor(s) to help develop & implement strategies?	❒	❒
5. Do you seek professional advice before making a major financial decision?	❒	❒
6. Do you have a clear picture of your current financial situation?	❒	❒
7. Do you complete annual Net Worth & Cash Flow Statements?	❒	❒
8. Would you say that your cash flow is under control?	❒	❒

	Yes	No
10. Are you able to live within your means?	❐	❐
11. Do you make a point of being debtfree on your credit cards?	❐	❐
12. Do you spend under 35% of your income on mortgage and consumer debt?	❐	❐
13. Are you using all mortgage minimization strategies available?	❐	❐
14. Do you invest money towards achieving your goals on a consistent and periodic basis?	❐	❐
15. Do you have specific and prioritized objectives for each of your investments?	❐	❐
16. Are your investments adequately diversified?	❐	❐
17. Are your investments suitable to both your emotional and financial risk tolerance levels?	❐	❐
18. Are you quite knowledgeable about investments OR educating yourself about them?	❐	❐
19. Are your investments organized in a tax-effective manner?	❐	❐
20. Do you have a tax-effective plan to save for your children's education?	❐	❐
21. Do you maximize your RRSP contributions?	❐	❐
22. Do you take advantage of income splitting strategies with your spouse?	❐	❐

	Yes	**No**
23. Are you using all tax minimization strategies available to you?	❒	❒
24. Have you considered the effect of unexpected job loss on yourself and/or family, and calculated the cost?	❒	❒
25. Do you have the most cost effective types of life, disability, home and auto insurance?	❒	❒
26. Have you determined how much cash/capital and income your family needs in the event of your death?	❒	❒
27. Are your affairs organized to minimize tax/probate costs in the event of your death?	❒	❒
28. Do you and your spouse/partner have valid wills?	❒	❒
29. Have your wills been reviewed in the last 3-5 years or since a major life change?	❒	❒
30. Do you and your spouse/partner have current Property and Health Care Powers of Attorney?	❒	❒
31. Do you have a practical plan for financial independence/security in retirement?	❒	❒
32. Are your retirement assets sufficient to allow you to retire when you want?	❒	❒

TOTAL “NO” RESPONSES

How many “NO” points did you get?

Refer your point total to these general summaries:

Five points or less...

Looking sharp. Remember – financial planning is an ongoing process. It requires regular review and evaluation to ensure strategies will achieve goals.

Six to sixteen points...

Some problems with overall financial picture. Financial plan needs to be improved in order to achieve financial goals.

Seventeen to thirty-two points...

Greater focus needed. Use the resources available to develop a comprehensive financial plan.

Dream Building

"Most people hope that the winds of fate will blow them into some rich and mysterious port of call. They look forward to when they can retire *Someday* in the distant future, and live on a fantasy island *Somewhere*.

I ask them how they will accomplish this.

They respond *Somehow* "

Denis Waitley

Dream Building

Exercise

On your own, answer these questions:

1. What is a goal or an objective?

2. Is it important for people to have goals? Why or why not?

3. What results may occur if an individual does not have goals?

4. Give one example of a goal and one example of a wish.

5. What separates a goal from a wish?

STEP ONE:

Establish your objectives
Where do I want to go?

1st RATE
- R eachable
- A ssessable
- T ime Bound
- E xplicit

Prioritize!

STEP ONE

Establish your objectives

Where do you want to go?

Once you have clearly established your objectives, you can begin planning to achieve them.
Creating solid objectives is the 1st step in the financial planning process. In fact, it drives the other components in the process. A successful financial plan should have **1st RATE** objectives.

Your **objectives** should be:

1st RATE

Reachable - An objective must be attainable. Do not set yourself up for failure by setting an objective that is unrealistic. Objectives should be challenging, not impossible.

Assessable - An objective must be measurable. Quantifying the cost of your objective is an essential part of goal setting. It gives us the ability to test our objectives for realism, gauge our progress and mark our achievements. Turn an objective of buying a house into buying a $200,000 house with a $90,000 down payment and mortgage payments not exceeding $900 monthly.

Time bound - An objective needs a completion or achievement date. Your time horizon has a significant influence on the strategies you elect to implement. Turn an objective of retiring young into retiring at age 55.

Explicit - The clearer the better. Visualize what you are striving for and make that description part of your objective. Be as specific as possible. Turn an objective of buying a car into buying a new Brand X, fully loaded.

Exercise

On your own, review the example of a goal that you created to ensure that it is **1st RATE**. If it isn't, change it to make a **1st RATE** goal/objective.

Establishing <u>your own</u> objectives

The following visualization exercise will help you focus on determining your objectives. This exercise is best conducted in a private and comfortable environment. Read the first question, create a clear picture in your mind, then record your response. Move through each of the questions in the same manner.

Look into the future:
1 year from today...

Where are you living?

Who are you living with?

How are you earning a living?

Who are the people with whom you have significant relationships?

What are you wearing?

What is your principal means of transportation?

What are you doing for fun?

What does a typical day look like to you?

Look into the future:
7 years from today...

Where are you living?

Who are you living with?

How are you earning a living?

Who are the people with whom you have significant relationships?

What are you wearing?

What is your principal means of transportation?

What are you doing for fun?

What does a typical day look like to you?

Look into the future 15 years from today...

Where are you living?

Who are you living with?

How are you earning a living?

Who are the people with whom you have significant relationships?

What are you wearing?

What is your principal means of transportation?

What are you doing for fun?

What does a typical day look like to you?

This exercise was designed to help you focus on your desired destinations.

Spend some time to set your objectives (see next page). Don't forget to create **1st RATE** goals.

1st RATE Goals

GOAL	TO DO	TARGET DATE

What is Financial Planning?

The process of defining your goals, analyzing your personal and financial situation and developing & implementing strategies to achieve your goals

The Price of Not Planning

If you fail to plan, you plan to fail

- Failure to achieve goals
- Ineffective use of resources
- Unprepared for emergencies
- More taxes than necessary

Financial Planning Process

- Establish financial goals
- Gather, process & analyze relevant information
- Develop financial plan
- Implement the plan
- Monitor & change as required

STEP TWO:

Collect and analyze your data
Where am I now?

Financial Statements
- Net Worth
- Cash Flow

STEP TWO

Collecting and analyzing your data

Where are you now?

The first step of the financial planning process is to determine where you want to go.
The second step involves developing a clear picture of where you are now - financially.

Both steps need to be completed before any further planning can take place. It's easier to plan the route to your destination if you know what your starting point is. Collecting your financial data, organizing it with the use of financial statements, and then analyzing the data will complete step two.

The following statements can be compiled for this purpose:
1) Net Worth Statement
2) Cash Flow Statements
3) Income Tax Pro forma
4) Investment Performance Statement

The most commonly used and beneficial statements are Net Worth and Cash Flow. Current financial and legal documents that should be used at this stage of the financial planning process include:
a) all investment statements
b) employee benefits profile
c) mortgage agreement
d) wills
e) powers of attorney
f) trust agreements
g) other agreements
h) previous years' tax returns

Net Worth

Assets (Own)
- Liabilities (Owe)
= Net Worth

Net Worth Statement

A Net Worth Statement is simply a list/calculation of what you own and what you owe. **Assets** are what you own; cash, registered and non-registered investments, real estate and personal property. **Liabilities** are what you owe - your debt obligations; credit card balances, loan & credit line balances, mortgages, etc. Your Net Worth equals your total assets minus your total liabilities.

Complete the Net Worth Worksheet that follows as part of the development of your financial plan.

Assets

	YOU	YOUR PARTNER	TOTAL
Liquid Assets			
Chequing Account			
Savings Account			
Short Term Deposits			
Other			
Liquid Asset Total:			
Registered Assets			
RRSPs			
DPSPs			
Pension Plans			
Other			
Registered Total:			
Non-registered Assets			
Term Deposits – GICs			
Bonds			
Mutual Funds – Income			
Stocks			
Mutual Funds – Equity			
Real Estate			
Other Investment Assets			
Non-registered Total:			
Personal Assets (resale value)			
Home			
Vehicles			
Other			
Personal Total:			
Total Assets Liquid+Registered+Non-Reg.+Personal	$	$	$

Liabilities

	YOU	YOUR PARTNER	TOTAL
Short Term			
Credit Cards			
Personal Lines of Credit			
Instalment Loans			
RRSP Loans			
Other Obligations			
Short Term Total:			
Long Term			
Mortgage of Personal Residence			
Loans for Personal Assets			
Loans for Investment Assets			
Student Loans			
Long Term Total:			
Total Short Term and Long Term Liabilities			

NET WORTH (Assets – Liabilities)	$	$	$

Value of Net Worth Statement

- Financial worth
- Benchmark
- Ownership
- Liquidity
- Potential tax liability
- Borrowing
- Analysis of debt, asset allocation and insurance needs
- Foundation for estate, investment, tax, risk mgmt and retirement planning

Value of Net Worth Statement

Your Net Worth Statement is important because it clarifies your financial worth and serves as an annual benchmark. You can chart your progress towards the achievement of your goals and readily identify problems or obstacles in a timely manner. It can also be used as a scorecard. Are your debts going down while your assets are going up? This is what we normally strive for (outside of major changes or emergencies). Are your debts increasing? This would generally call for another look at your cash flow.

Asset ownership is important in creating strategies for income splitting and estate planning. A Net Worth statement allows us to assess how liquid we are for the purposes of risk management. We can also assess the potential tax liability of our tax-deferred investment vehicles. Financial institutions normally require a Net Worth statement from potential borrowers.

With a clear picture of our debt situation, we can develop debt reduction strategies. We can also view how our assets are allocated for the purposes of our investment planning strategies.

Cash Flow

Income (inflow)
- Expenses (outflow)
= Net Cash Flow

Cash Flow Statement

This statement shows the total flow of cash from all income sources to all expenses. **Income** refers to revenue generated from employment, self-employment, investments, pensions, gifts or other lump-sum payments received. **Expenses** include both basic and discretionary lifestyle expenditures along with capital outlays for investments, debt repayment and personal property. **Your Net Cash Flow** is equal to your Total Income minus your Total Expenses. Complete the following Cash Flow statement as part of the development of your financial plan.

Cash Flow Statement

ANNUAL INCOME

Employment ________
Bonus/Commission ________
Self-employment ________
Support ________
Investment ________
Other ________
Annual Income Total: ________
Monthly Ave. (divide by 12): ________

MONTHLY EXPENSE/ Cost of Living

Housing
Rent or mortgage ________
Condo fees/ property taxes ________
Home insurance (if paid monthly) ________
Power & water & sewage ________
Heating costs ________
Phone & long distance & cellular ________
Cable ________

Food
Grocery store ________
Restaurants & fast food & lunches ________

Transportation
Car loan or lease ________
Gasoline ________
Parking ________
Bus & taxis & car pool ________
Car insurance (if paid monthly) ________

Medical & Insurance
Life Insurance (if pd monthly) ________
Prescriptions ________

Recreation
Entertainment, sports, hobbies ________
Liquor & cigarettes ________
Babysitting ________
Books, magazines, newspapers ________

Savings, Investments
Short term goal: ________
Medium term goal: ________
Long term goals & RRSPs: ________

Debts
Total monthly debt payments ________

Miscellaneous
Child support ________
Day Care ________
Church & charities ________
Toiletries & hair & cosmetic ________
Personal allowances ________
Bank service charges ________
Dry cleaning & laundry ________
Pet supplies ________
Other (specify) ________ ________

Monthly Expense Total **$** ________

Add
Monthly Irregular Expenses $ ________
Equals
Total Monthly Cost of Living $ ________

MONTHLY INCOME $ ________
Minus
EXPENSES $

NET CASH FLOW **$**

IRREGULAR EXPENSES (estimate annual cost)

Medical
Health Care / Blue Cross ____________
Dental ____________
Optical ____________
Specialists ____________

Clothing
& shoes, jewellery, cleaning ____________

Insurance
(if not paid monthly)
Life & disability insurance ____________
Home or tenant insurance ____________
Car insurance ____________

Memberships
Union & professional dues ____________
Club dues ____________

Car
Registration ____________
Tune-ups & repairs & tires ____________

Housing
Maintenance & repairs ____________
Decorating/furniture/linens ____________
Property taxes ____________
Gardening ____________

Recreation
Sports equipment ____________
Lessons/programs/camps ____________
Vacations/weekends away ____________
Season tickets ____________

Miscellaneous
Christmas or celebrations ____________
Birthdays & other gifts ____________
Subscriptions ____________
School fees and supplies ____________
Professional services (lawyer, vet) ____________
Other

ANNUAL IRREGULAR EXPENSE TOTAL $ ____________

Divide by 12 months

MONTHLY AMOUNT FOR IRREGULAR EXPENSES $

Irregular Expenses Record

Monthly amount in Paycheque Planner $ ___________

Expense Item: (description)						**Total**
Budget Amount:						
Month						
January						
February						
March						
April						
May						
June						
July						
August						
September						
October						
November						
December						
Total:						
Monthly Average:						

Paycheque Planner

Net Monthly Paycheques	**$**	**$**	**$**	**$**
Automatic Withdrawals & PreAuthorized Cheques				
Cheques & Interac & Phone Transfers				
Cash drawn				
Credit Card Purchases				
Monthly Amount for Irregular Expenses & Savings				
TOTALS				

Value of Cash Flow Statement

- Personal spending plan to meet objectives
- Analysis of spending habits
  - Priorities
  - Discretionary expenses
- Savings opportunities
- Credit Challenges
- Foundation for cash management, estate and retirement planning

Value of Cash Flow Statement

A Cash Flow statement is important for a number of reasons. The most important use of a Cash Flow statement is its value as your personal spending plan. You are able to determine how you want and need to spend your money in order to achieve your objectives. Many people think that a positive Cash Flow is ideal. While it's better than a negative Cash Flow, it isn't ideal. A neutral Cash Flow is what to strive for, with all of your spending accounted for - including savings!

A Cash Flow statement provides a basis for analyzing your spending. Are you spending your money effectively - towards the achievement of your goals? Or, are you spending it ineffectively - in the opposite direction of your goals?

Discretionary expenses are usually a good place to start when you're looking for ways to reduce your spending.

A Cash Flow statement helps you identify savings opportunities. A negative Cash Flow means that we are living beyond our means - perhaps relying a little too much on credit. Debts can be analyzed using a Cash Flow statement, especially in combination with your Net Worth statement.

A Cash Flow statement is particularly useful as the foundation of your overall cash management strategy - the key to developing a successful financial plan.

STEP THREE:
Develop your financial plan
How will I get there?

Plan to achieve your goals
- Strategies
- Advisors

STEP THREE

Develop your financial plan

How will you get there?

Step one is deciding where you want to go. Step two is creating a clear picture of where you are now. In step three, you w ill map out how you will get from your starting point to your destination.
This stage involves developing your strategy and the necessary steps or actions required to achieve your objectives.
Let's look at an example that includes some very basic issues. Jen's objective is to have $50,000 for a down payment on a house in three years.
Jen's current Net Worth statement shows she has $10,000 set aside for that purpose. Her Cash Flow analysis indicates she can save about $1,000 a month towards achieving her goal. So it would seem that if Jen invests $1,015 per month at 4%, she will achieve her objective. Are there types of investments that will match both her investment objective and required rate of return over the next three years? Can she afford a pre-tax return of 4%? Or, does she require an after-tax return of 4%?

Step three, developing your plan, is also a reality check. Can you reconcile your objectives with your current and/or probable future resources? It's possible to have objectives that are under or over ambitious. Try to align your objectives with your financial reality.
Let's take another look at Jen. If Jen's Cash Flow analysis showed that she could only put aside $500 a month towards her goal, she might have to consider the following:
1) Lengthening the time frame to achieve her objective

2) Reducing the cost of her objective

3) Carefully analyzing her Net Worth statement for additional resources

4) Carefully analyzing her Cash Flow statement for available money

5) Looking at other investment alternatives that may produce a higher return.

Advisors

- Financial Planner
- Stock Broker
- Mutual Fund Agent
- Insurance Agent/Broker
- Investment Counsellor
- Accountant
- Legal Advisor

It is very difficult to develop effective strategies for all of our financial objectives. Most of us either can't, or won't, commit the time and energy necessary to acquire the financial knowledge required to create comprehensive and effective strategies. Because of this, we often seek out the assistance of financial advisors. Financial advisors can play a very important role in the development of a comprehensive financial plan. If you choose to work with a financial advisor, it helps to know what type of relationship might flow from your decision. A professional relationship, like a personal one, can be dependent, independent or interdependent. Think about what kind of relationship you want to have with a financial advisor. At either extreme – dependent or independent - you run the risk of being ineffective and/or inefficient in meeting your personal objectives. A dependent relationship could mean loss of control; an independent relationship could mean loss, or absence, of valuable support and input. An interdependent relationship achieves proper balance. It is a partnership that combines efforts to help you get to where you want to go.

STEP FOUR:

Implement your plan

... Yes, now!

All action items or steps within your plan require a due date

STEP FIVE:

Monitor your plan
How am I doing?

- Annual review/evaluation
- Update financial statements
- Is plan meeting expectations?
- Is it still in your best interests?

Life Cycle Planning Periods

- Early career
- Mid-career
- Peak accumulation
- Pre-retirement
- Retirement

Life Cycle Planning Periods

Early career

1) Education
2) First house
3) First car
4) Marriage
5) Daycare

Mid-career

1) Children's education
2) Travel
3) Re-entry to work force from child care responsibilities

Peak accumulation

1) Recreation
2) Children finished school
3) Pay off mortgage
4) Investing

Pre-retirement

1) Firming up retirement date
2) Parent dependents
3) Estate

Retirement

1) Maintaining comfortable lifestyle

External Factors
Influencing our Plan

- Demographics
- Interest rates
- Inflation
- Income tax

The Role of Demographics and Life Cycle Planning Periods

Individual Exercise

On the demographic charts that follow, plot your position w ith an "X". You may want to position family members as well. To assist you with notes about your life at various stages, reflect on the following questions:

1) How old will I be?

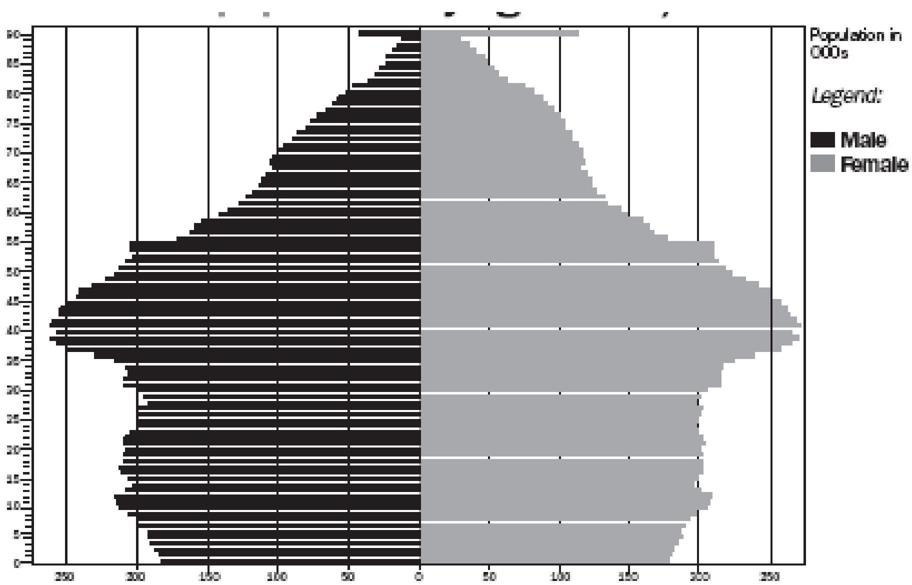
2) At what stage in the Life Cycle will I be?

3) What things might be important to me?

4) Where am I relative to the Baby Boomers?

5) In what ways might the Baby Boomers have an impact on the/your financial world?

Canada's population by age & sex/01



Where are you on the graph?

1) How old will I be?

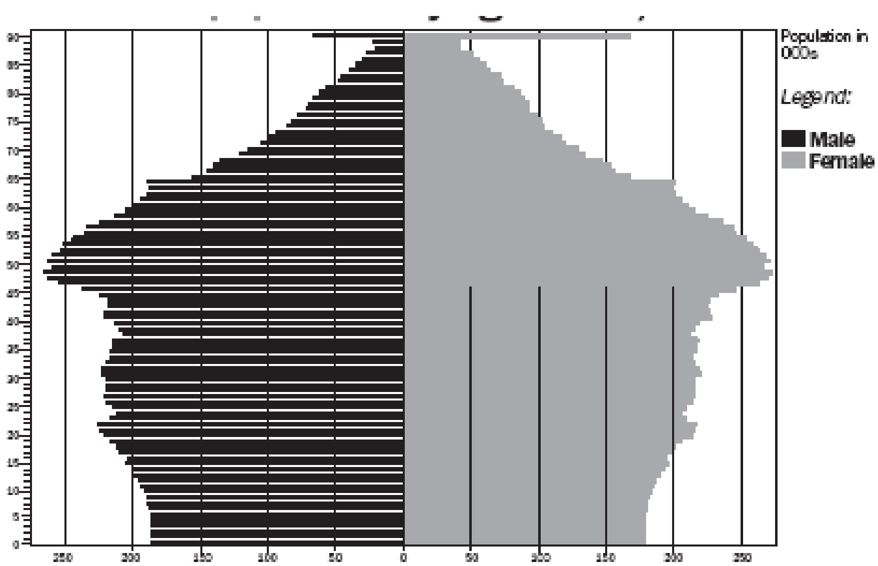
2) At what stage in the Life Cycle will I be?

3) What things might be important to me?

4) Where am I relative to the Baby Boomers?

5) In what ways might the Baby Boomers have an impact on the/your financial world?

Canada's population by age & sex/11



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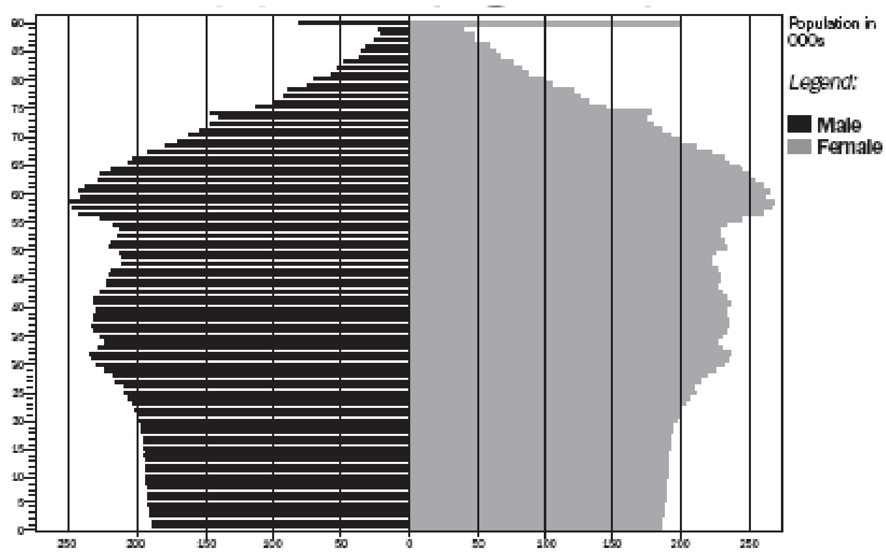
5) In what ways might the Baby Boomers have an impact on the/your financial world?

Canada’s population by age & sex/21



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Cash Management

Cash Management

- Control
- Essential for a successful financial plan

Cash Management Strategies

- What difficulties have you had managing your cash flow?
- What strategies have you implemented and had success with to control your cash flow?

Cash Management

Cash management is the most important tool in general financial planning. Cash management can be considered effective if it is contributing to the achievement of your financial goals. There are cash management strategies you can use to discipline yourself and control your spending. However, what works for some, doesn't necessarily work for others. For some, cash management is like a walk in the park; up-to-date, effective and contributing to well-defined financial objectives. For others - in fact for most of us – it doesn't come quite so easily. We often struggle with matching expenses to income and are often unprepared for any surprises or emergency expenses that spring up on us.

We'll look at a variety of methods that can be used to help you create an effective cash management system; one that helps you stay on track... keeping your financial objectives clearly in front. Remember - different strokes for different folks. Look at the methods described and work with the one(s) that suit you best.

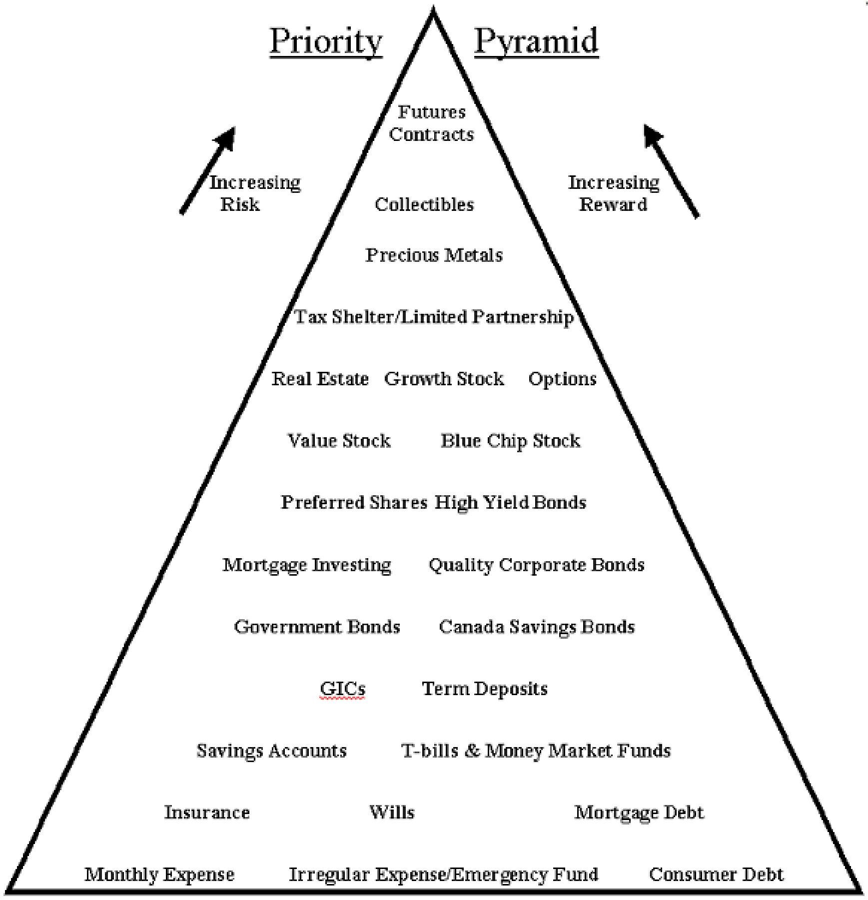
Exercise

This exercise is designed to give you an opportunity to share experiences and ideas with others. Hopefully, everyone benefits from this discussion of real life situations - what has worked and what hasn't!

On your own, answer these questions:

1) What difficulties have you had managing your cash flow?

2) What strategies have you implemented and had success with to control your cash flow?


Priority Pyramid
Futures Contracts
Increasing Risk
Increasing Reward
Collectibles
Precious Metals
Tax Shelter/Limited Partnership
Real Estate Growth Stock Options
Value Stock Blue Chip Stock
Preferred Shares High Yield Bonds
Mortgage Investing Quality Corporate Bonds
Government Bonds Canada Savings Bonds
GICs Term Deposits
Savings Accounts T-bills & Money Market Funds
Insurance Wills Mortgage Debt
Monthly Expense Irregular Expense/Emergency Fund Consumer Debt

Cash Management Strategies

Here are a number of cash management strategies or methods that are often suggested by financial planners:

1) Pay **yourself first.** How much do you need to set aside regularly to achieve your goals? Do it! Use what's left over to cover your other expenses.

2) Record what you spend. It's hard, but helpful. An eye-opener. If you record what you spend, you'll likely think a little more about how you spend. There are a number of money management software programs that can make this method easier to maintain.

3) Cash limits. "Out of sight - out of mind". Limit how much you have access to. Personal spending accounts, debit card limits and locked-in investments are a few of the methods you may want to consider.

4) Automatic withdrawals. Systemize your payments and investments on automatic withdrawal. Get the cash out before you can spend it. Helps goal attainment through consistent and periodic savings.

5) Emergency reserve. A sound financial plan usually includes three to six months of living expenses set aside for the unexpected. Helps keep your financial plan on track.

6) Wise use of credit. Pay off balances in full within the grace period. Any outstanding amount triggers interest on the full amount that appeared on your statement. Credit use, and credit card use in particular, should correspond to your ability to control your spending. If you have little control over your spending, it may be better to avoid using credit. Or, consider lowering your credit limit to a manageable level.

7) Quick debt repayment. The elimination of debt payments will free up cash that can then be applied to achieving your financial goals. And the faster you pay off your debt, the lower your interest cost in many cases. Remember, though, that loans often have amortization schedules with blended payments - interest and principal. The interest cost is heavily weighted to the front end of the loan. So, in some cases, it may be better to pay off a lower interest rate loan in the early stages than a higher interest rate loan in the later stages.

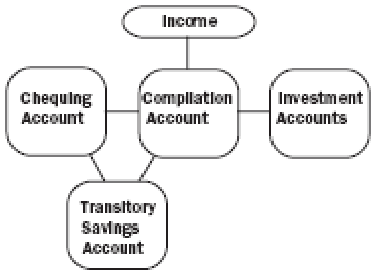
8) Not too rigid. Be careful about being too strict. Know what your limits are. We sometimes set ourselves up to fail when restrictions are unrealistic.

Cash Management Strategies

- Pay yourself first
- Record what you spend
- Cash limits
- Automatic withdrawals
- Emergency reserve
- Wise use of credit
- Quick debt repayment
- Not too rigid
- Simplified cash flow plan

STRATEGIES

Simplified Cash Flow Plan



Mortgage Interest Minimization Strategies

- Payment frequency
  - Monthly vs Bi-weekly
- Prepayment options
  - Double up
  - Increase payments
  - Lump sum
- Amortization

Make the Switch!

Monthly to Bi-Weekly

Make the switch! Monthly to Bi-Weekly

Mortgage Amount: $150,000

Interest rate	Payment frequency	Payment amount	Amortization period	Total interest	Interest savings
5%	Monthly	$872.41	25 years	$111,722	
	Bi-weekly	$436.21	21.4 years	$92,939	$18,783
6%	Monthly	$959.71	25 years	$137,913	
	Bi-weekly	$479.86	21 years	$111,505	$26,408

Closure

- Assess Financial Picture
- Financial Planning Process
  - Objectives
  - Analyzing & Collecting Data
  - Developing
  - Implementing
  - Monitoring
- Cash Management Strategies

Action Plan

ACTION	TARGET DATE

Strategic Wealth Management

Preparing for Retirement – A: Getting Started

"If you don't know where you're going, any road will take you there."-George Harrison. Are you on path to achieve your goals? In this workshop we focus on putting a process in place to achieve your goals. We focus on cash management strategies and the wealth management process. Securing the foundation of your financial plan

Personal Investing – A: Core investing components applied

"Fads are the kiss of death. When the fad goes away, you go with it."-Conway Twitty. Understanding core concepts will help you identify and protect yourself against investment fads and build a solid investment strategy. In this workshop we talk about investment components, types of risk and how to avoid them, and the factors that contribute to your successful investment strategy.

Personal Taxation – A: Introductory concepts in tax minimization

"Income tax has made more liars out of the American people than golf has." –Will Rogers. Give yourself credit! Credits, that is… and deductions. This workshop looks at how our progressive tax system works and explores some of the core tax reduction strategies we should consider for LEGALLY minimizing our taxes.

Life Insurance & Estate Planning: Understanding the importance of security & structure

"Certainty? In this world nothing is certain but death and taxes." –Benjamin Franklin. Dying. The material impact of death is not something we really want to think about, much less talk about. But, it's something we need to know about. This workshop will look at the various components of a well-structured estate plan, including wills and will preparation, insurance (needs, amounts, types), Powers of Attorney and a brief introduction to trusts.

Personal Investing – B: Investment planning concepts & strategies

"More important than the will to win is the will to prepare." -Charlie Munger. Take the next step in your investment education by participating in this workshop. The session will focus on strategic investment issues such as risk reduction through diversification, asset allocation and the tax implications of various investment choices. Look at the various investment styles and objectives of the funds available to you.

Personal Taxation – B: Comprehensive strategies: A longer-term perspective

"Never make anything simple and efficient when a way can be found to make it complex and wonderful." –Unknown. Now that you understand basic tax planning, you will appreciate the more advanced concepts and strategies discussed in this workshop. In this session, we will look at tax planning as a family unit, tax shelters, income splitting/ attribution, and developing an effective tax minimization plan. We aim to make simple what the government has made complex!

Preparing for Retirement – B: Focus on financial planning

"Retirement kills more people than hard work ever did." –Malcolm S. Forbes. To enjoy your golden years, you should take as many stressors as possible off the table. Financial worry is a big category. You have retirement dreams ahead. It is time now to focus your financial planning activity. This workshop will take a detailed walk through the 6 steps of building a solid retirement financial plan. The session will cover financial objectives and needs in retirement, income sources, identification of problem areas and corrective measures, tax & investment issues. This workshop ties together all the concepts we have learned so far. Finally, you will create an action plan.

"Plans are only good intentions, unless they degenerate into hard work." –Peter Drucker
Take action on what you've learned from these workshops

Resources

First Sovereign Investment Management Inc.
Phone: 416-489-4843
Toll-free: 877-389-4843
pfettes@firstsovereign.com
www.firstsovereign.com

Web Sites

Information on financial planning
professionals and services
www.cfp-ca.org

Canada Customs and Revenue Agency -
Information and forms
www.cra-arc.gc.ca

Industry Canada - credit and consumer
issues
www.strategis.gc.ca

Securities and Exchange Commission
www.sec.gov

(U.S.) - Mutual Funds cost calculator
www.rrsp.org
www.webfin.com
www.finpipe.com

Sun Life
DPSP & RRSP Information
Phone: 1 866 733-8612
Fax: 416-595-0679
www.sunnet.sunlife.com