



PRIVATE WEALTH
MANAGEMENT

How did John Doe hear about The Mestern Group?

John followed our advice some years ago to buy back his pension at a previous employer. Our financial advice greatly benefited John, and for this reason he used The Mestern Group for help with his newfound financial situation.

What is a pension buyback?

The process of buying back a pension means contributing the present value of the future benefits as calculated by the pension fund and having enough money in a Registered Retirement Savings Plan (RRSP) to do it. Our experience is that most of the time, it is a good deal to buy back years of service.

The benefit of buying back a pension is getting access to the performance of a professionally managed large pool of money, as well as a pension for the rest of your life that has guarantees like inflation adjustment and health benefits. Buying back is one way that a client can have part of their retirement income managed by a third party with guarantees, versus having an RRSP where they are fully responsible for the investment returns and income.

What Mestern Group services did John need most recently?

John wanted to understand what his options were for capital on which he currently was earning no return. He informed us that he hoped to increase his annual investment income by 40% overall and also anticipated buying a new car in the next couple years; the result is that John has a revised income requirement of 4% on the capital to be invested. John was prepared to spend some of his capital to ensure that he had adequate income.

What solutions did The Mestern Group provide to John so that he could achieve his 4% income target?

- We suggested that it would be prudent to work on a strategy where John could earn 4% income on his capital and have the capital last longer rather than having him spend part of it.
- Our first step was to complete our proprietary **myStory myRoadmap (mySmyR)** process for John. We used details of John's financial **Story** and created a personal **Roadmap** for John to get to his financial destination. We incorporated expected returns and created a benchmark for reviewing how the investment process performs. Estate planning is also an integral part of all **Roadmaps**. The Mestern Group commits to updating each **mySmyR** annually or on demand as "life happens".
- We discussed with John how his **Roadmap** would help his tax situation by optimizing his Tax-Free Savings Account (TFSA) and his RRSP until his 71st birthday.

As for investment advice for John, what options did The Mestern Group look at?

- We acquired quotes for the purchase of an annuity to show John the income and taxation he could expect upon purchase. John came to understand the tax efficiency of an annuity, and how tax efficiency is reduced if an inflation factor is added.
- We gave John illustrations of our Global Growth Balanced Mutual Fund Model. All funds in this model are offered in Series T, a series that offers stable, tax-efficient, 4-8% income.
- We talked with John about buying dividend paying stocks and having The Mestern Group manage his portfolio on a discretionary basis.