

6 Steps to Financial Planning



The financial planning process begins by evaluating where you're at with your finances today.



A financial plan should reflect your personal story - how you see your life playing out, the things that are important to you - both now, and in the future. In order for a financial plan to be effective, your story needs to correlate with your financial picture.



In developing your story and your plan, identify financial strategies that serve you - for example, the availability of emergency funds versus monies that are invested & not immediately accessible.



Consider the "what ifs." In other words - if a situation occurs, how could this potentially impact your financial picture.



Action your strategies and plan.



Typically a financial plan changes every five years however your plan should be revisited every year, providing you with the assurance that you're "on track."

Financial Summary

Financial Plan

John Test & Susan Test

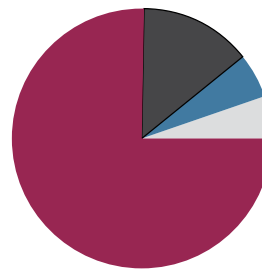
Customer Information

	John	Susan
Date of Birth:	Jan 01, 1960	Mar 24, 1960
Income:	\$150,000	\$625,000
Retirement Age:	65	65
Life Expectancy:	90	90

Risk Profile

	Pre-Retirement	Post-Retirement
RRSP/RRIF & Locked-In	Moderate Growth	Moderate
Rate of Return:	5.00 %	4.00 %
Cash & TFSA:	Moderate Growth	Moderate
Rate of Return:	5.00 %	4.00 %
Tax Efficiency:	30.00 %	26.00 %
Corporate:	Moderate Growth	Moderate
Rate of Return:	5.00 %	4.00 %
Tax Efficiency:	30.00 %	26.00 %

Total Assets

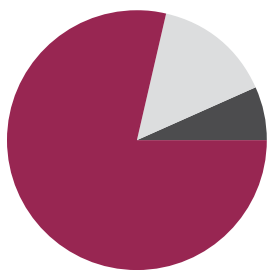


Cash/TFSA:	\$1,101,500
Retirement:	\$1,175,000
Real Estate:	\$3,000,000
Other*:	\$0
Corporate*:	\$16,270,000

Assets:	\$21,546,500
Liabilities:	\$6,480,000
Net Worth:	\$15,066,500

*Includes life insurance cash values

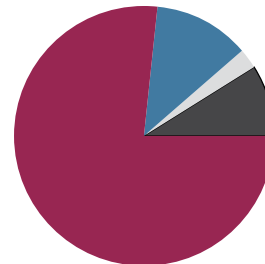
Total Liabilities



Mortgage:	\$425,000
Other Mortgage:	\$950,000
Credit Cards:	\$0
LOC/Other:	\$0
IRP Loan:	\$0
Corporate:	\$5,105,000

Liabilities:	\$6,480,000
Deferred Tax:	\$8,637,464

Investment Assets



Non-Registered:	\$851,000
TFSA:	\$250,500
RRSP/RRIF:	\$1,175,000
LRS/LIRA:	\$0
Insurance*:	\$0
Corporate:	\$7,500,000

Total Investments: \$9,776,500

RRSP Contribution Room:	\$0
TFSA Contribution Room:	\$151,000

*Includes life insurance cash values



Planning Assumptions

Methodology

This analysis will vary in scope and complexity depending upon your needs. Your situation can range from advice that focuses on one or more financial goals to advice that is comprehensive, involving integration across multiple financial planning disciplines.

This analysis is completed in two life phases: wealth accumulation (save) and wealth decumulation (spend). Using this process will provide you with an understanding of your current situation and the options available that can help you achieve your financial goals.

Wealth Accumulation

Starting with the value of your assets, planned savings are added each year with interest calculated using the assumed rate of return and frequency of your savings. The future value of your investments will be determined by how much your annual savings change overtime due to inflation and/or cash flow constraints and the tax treatment of each investment.

Retirement Income

Wealth decumulation involves comparing your income goals in retirement to the after-tax "base" income you can expect to receive from pensions, government benefits, RRIF minimums and any employment income you plan to earn. Any gaps are then made up using withdrawals from your investments. The withdrawal or decumulation strategy will be determined by your advisor taking into consideration whether your goal is to maximize your after-tax estate value or your ability to spend the maximum amount in retirement.

Income tax is calculated each year using progressive tax rates as prescribed by the Federal Income Tax Act and the province in which you live. Age/Pension tax credits and the applicable clawback of government benefits in addition to any provincial surtax are also calculated to provide the most accurate tax assumptions possible based on current legislation and the estimated rate of inflation.



Index Assumptions

Growth Rates

Rate of Inflation	2.50%
Portfolio Rate of Return	4.19%
Real Estate Growth Rate	2.00%
Business Operations Growth Rate	2.50%
Lifestyle Funding Cost of Borrowing	3.00%

Tax Rates

Income Splitting Efficiency	80.00%
Top Marginal Rate of Tax in Province	48.00%
Top Corporate Tax Rate on Investment Income	46.67%