

Sample Plan 2 (six modules)

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Emily Smith

Disclaimer

Figures stated in the attached report are derived based on assumptions and information provided by you, the client. These assumptions and information will change over time. Some of the information presented is based on current tax rules and legislation which are subject to change. Hence, it is imperative that you review your financial plan regularly to ensure it is up-to-date and addresses your current needs. It is also important to look at a few different scenarios to get an idea of the impact of various assumptions on your planning objectives.

Information provided in the attached report is general in nature and should NOT be construed as providing legal, accounting and/or tax advice. Should you have any specific questions and/or issues in these areas, please consult your legal, tax and/or accounting advisors.

Emily Smith

Personal Information

personal

First Name	Emily
Last Name	Smith
Birthdate	07/05/1978
Age	34
Marital Status	Divorced
SIN #	
Employer	ABC Financial Group
Occupation	Financial Services Rep

address

Street	#304 - 180 Merrit Street	Investment Knowledge
City	Hammill	Risk Tolerance
Province	Ontario	
Postal Code	N0L 1W0	
Country	Canada	

Contact Information

Home Phone	519-575-1234
Your Work Phone	519-678-5678

Email Address emily.smith@abcfinacll.com

Email Address

Notes

dependents

First Name	Last Name	Birthdate	Age	SIN #
Sarah	Smith	15/07/2003	8	

wills

Emily

Do you have a will ? Yes

Date of last update

Location of will

Notes

Emily Smith

Personal Information

life insurance	company	insured	coverage amount
Life policy at work	Manulife Financial	Client	\$100,000

disability insurance	company	insured	monthly coverage

other policies	company	insured	coverage amount

notes

advisors	name	telephone

Net Worth Statement

Why Prepare a Net Worth Statement?

Your net worth is the difference between all the things of value that you own, and all the debts you owe. In financial terms, your net worth is your assets minus your liabilities. Before you can reach a financial goal, you need to know where you stand now. Your net worth is a reference point on your financial road map. Once you know your net worth, you can set a budget to reach your goals. There are several good practical reasons for knowing your financial worth:

Money Management

You can make better use of your income and maintain better control of your expenditures if you have a clear idea of what you own and what you owe. A net worth statement will show how much liquidity you have and identify the best sources for cash, should you need it.

Saving

Knowing precisely how much is left over after deducting current liabilities provides a strong incentive to save. As you see your net worth increase, you will be encouraged to help it grow.

Financial Planning

Net worth is an essential component of all financial planning. It helps you make appropriate decisions about your investments and lets you judge how much to set aside for buying a home, paying your children's education, establishing a new career or business of your own or providing for retirement.

Estate Planning

Everyone needs to make a will, and almost everyone needs to know how much he or she is worth before deciding how the estate is to be divided up.

Insurance Planning

You'll be better able to protect assets. Determining the worth of your valuables is not only necessary to figure out your net worth, it also helps you get the proper insurance coverage.

Borrowing

If you need to borrow cash or arrange a mortgage loan, you will be required to provide the lender with an accurate and up-to-date account of your existing assets and liabilities. Your net worth will determine the credit limit that the lender is prepared to offer.

Add What You Own



Your Home



Bank Accounts



Investments

Subtract What You Owe



Loans



Mortgage



Credit Card Debt

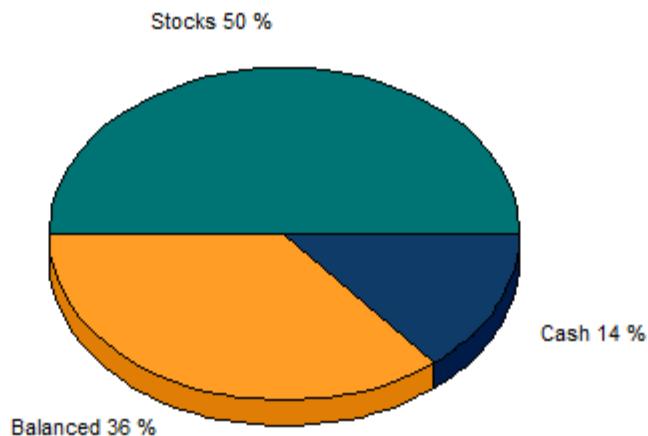
NET WORTH

Emily Smith

Net Worth Statement as of June 1, 2012

all assets and liabilities		total	Emily
Cash	14%	\$ 10,000	\$ 10,000
Bonds	0%		
Stocks	50%	\$ 35,000	\$ 35,000
Balanced	36%	\$ 25,000	\$ 25,000
Total Investment Assets		\$ 70,000	\$ 70,000
Personal Assets		\$ 300,000	\$ 300,000
Total Assets		\$ 370,000	\$ 370,000
Liabilities		\$ 105,000	\$ 105,000
NET WORTH		\$ 265,000	\$ 265,000

Investment Assets



investment assets	total	Emily
RRSPs	\$ 25,000	\$ 25,000
TFSAs	\$ 10,000	\$ 10,000
RRIFs		
LIFs/LRIFs		
LIRAs		
Money Purchase/DPSPs		
Other		
Total Registered	\$ 35,000	\$ 35,000
Non-Registered	\$ 35,000	\$ 35,000
Total Investment Assets	\$ 70,000	\$ 70,000

Emily Smith

Net Worth Statement as of June 1, 2012

registered assets	amount	owner	type	reg'd
Mutual fund 1	\$25,000	Client	Balanced	RRSP
TFSA at ING Direct	\$10,000	Client	Cash	TFSA
Total Registered Assets	\$35,000			
non-registered assets	amount	ACB	owner	type
Royal Bank stock	\$35,000	\$10,000	Client	Stocks
Total Non-Registered Assets	\$35,000	\$10,000		
personal assets	amount	ACB	owner	taxable?
Personal residence	\$300,000	\$150,000	Client	No
Total Personal Assets	\$300,000	\$150,000		
liabilities	amount	owner		
Mortgage	\$100,000	Client		
Credit cards	\$5,000	Client		
Total Liabilities	\$105,000			

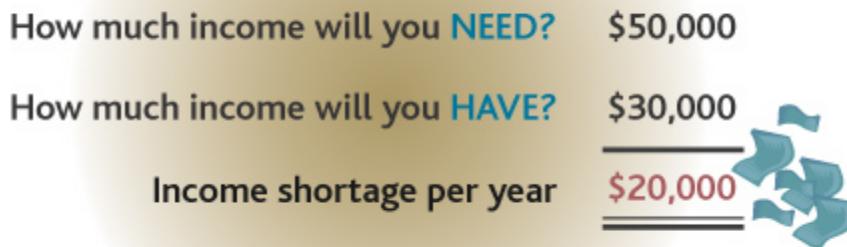
net worth summary

Total Registered Assets	\$ 35,000
Total Non-Registered Assets	\$ 35,000
Total Personal Assets	\$ 300,000
Total Assets	\$ 370,000
Minus Total Liabilities	\$ 105,000
Equals Net Worth	\$ 265,000

Retirement Planning

Retirement Tradeoffs

Planning for retirement involves tradeoffs. The amount of retirement capital you need will often depend on when you start investing, when you retire, the return on your investments, your income expectations, income indexing, your current saving levels and the amount of government pension income you expect to receive.



Will you have enough capital to make up the shortage?

Note: These numbers are for illustration purposes only and do not reflect your financial situation.

More capital required if

- You start investing later in your life
- You retire early and increase the length of your retirement
- You earn a low rate of return on your investments
- The amount of income you need at retirement is higher
- Your retirement income is indexed to inflation
- Your current retirement savings levels are low
- Government pension sources are expected to be lower

Less capital required if

- You start investing early in your life
- You retire later and decrease the length of your retirement
- You earn a higher rate of return on your investments
- You lower your income expectations at retirement
- You don't index your retirement income to inflation
- Your current retirement savings levels are higher
- Government pension sources are expected to be higher

Emily Smith

Retirement Plan Summary

An important aspect of your financial plan is to ensure that you are financially secure during your retirement years.

In this retirement plan, we compare your income needs to your income sources during retirement to determine if you have enough assets to sustain your desired lifestyle.

The amount of assets you will need during retirement will depend on:

- The length of your retirement
- Your income expectations
- Rate of return on your investments
- Your RRSP and non-RRSP saving levels
- The amount of income you receive from government and employer pensions
- The amount of income you receive from other sources

Based on the information you provided and the assumptions outlined on the attached page, the results of your retirement plan are summarized below:

results

You do not have enough funds to sustain you through retirement.

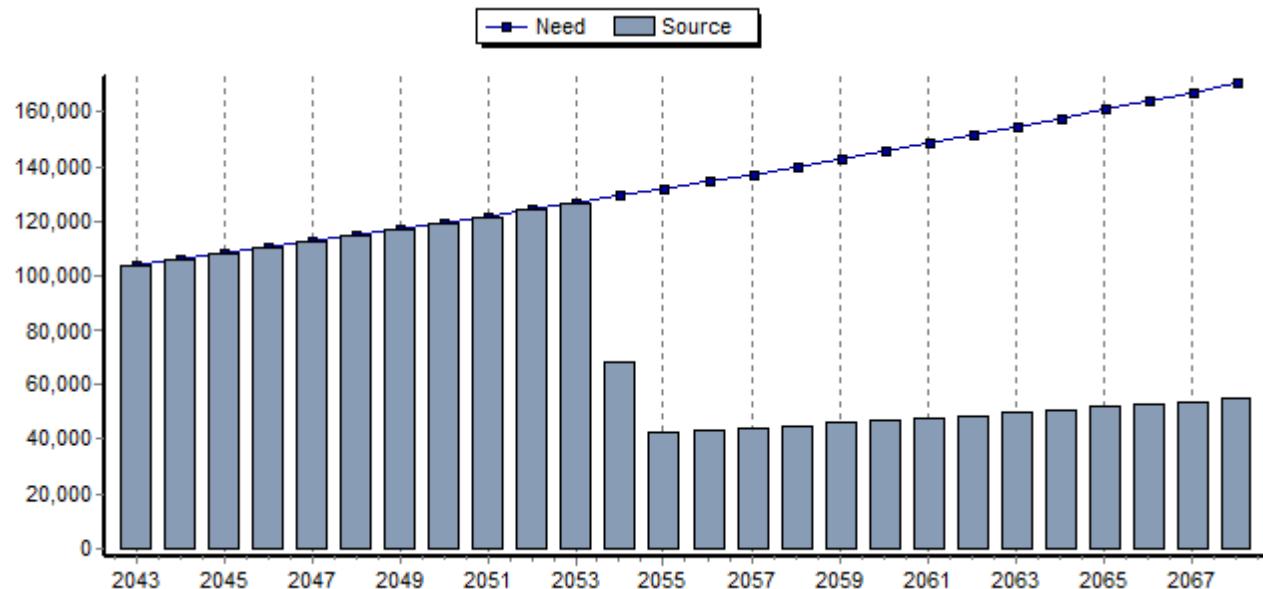
Additional assets required to fund your retirement: \$ 441,212

Annual investment required to make up the above asset shortage: \$ 4,323

Retirement Plan Summary

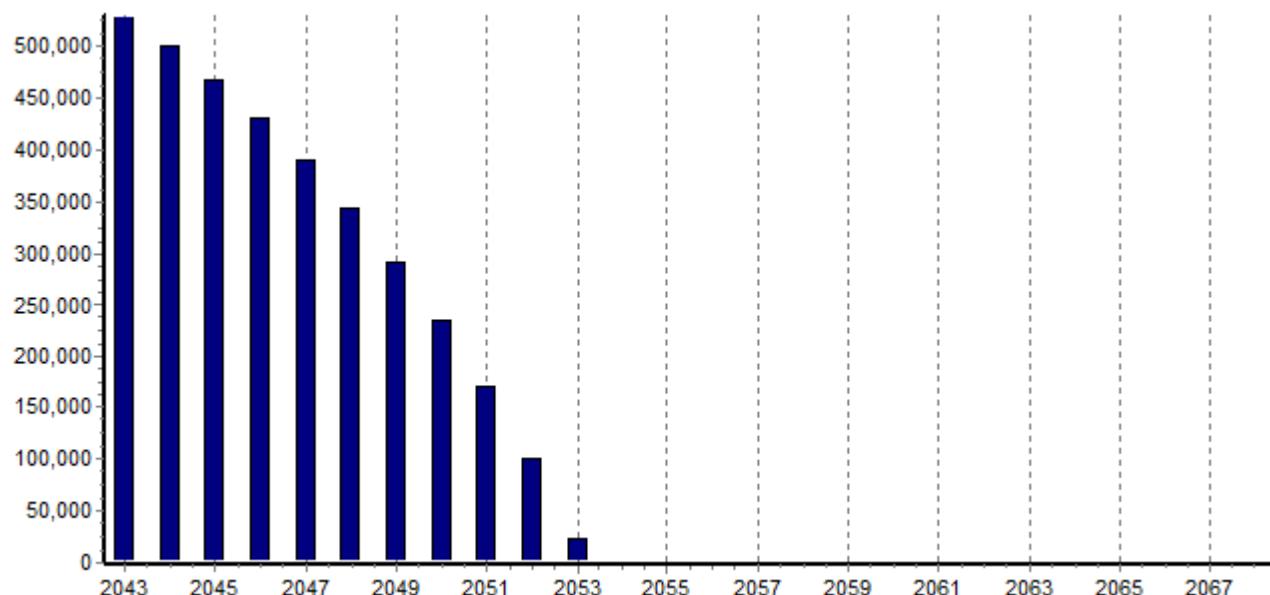
income needs versus sources

This graph compares your income needs to your income sources during retirement. An income shortage is indicated if the Needs line is above the Sources bar and a surplus is indicated if the Sources bar is above the Needs line.



investment assets

This graph shows the value of your investment assets (registered and non-registered) during retirement.



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Year	Client Age		Income Need	Assets		
				Reg'd	Non Reg'd	Total Assets
2012	34		75,000	36,000	35,000	71,000
2013	35		76,500	39,900	37,100	77,000
2014	36		78,030	44,132	39,326	83,458
2015	37		79,591	48,724	41,686	90,410
2016	38		81,182	53,705	44,187	97,891
2017	39		82,806	59,105	46,838	105,943
2018	40		84,462	64,960	49,648	114,608
2019	41		86,151	71,305	52,627	123,932
2020	42		87,874	78,181	55,785	133,966
2021	43		89,632	85,631	59,132	144,762
2022	44		91,425	93,700	52,680	146,380
2023	45		93,253	102,440	45,640	148,080
2024	46		95,118	111,903	37,975	149,878
2025	47		97,020	122,149	29,641	151,790
2026	48		98,961	133,240	20,595	153,836
2027	49		100,940	145,245	21,831	167,076
2028	50		102,959	158,238	23,141	181,379
2029	51		105,018	172,297	24,530	196,826
2030	52		107,118	187,509	26,001	213,510
2031	53		109,261	203,966	27,561	231,528
2032	54		111,446	221,770	29,215	250,985
2033	55		113,675	241,027	30,968	271,995
2034	56		115,948	261,855	32,826	294,681
2035	57		118,267	284,380	34,796	319,176
2036	58		120,633	308,739	36,883	345,622
2037	59		123,045	335,079	39,096	374,175
2038	60		125,506	363,559	41,442	405,001
2039	61		128,016	394,350	43,929	438,279
2040	62		130,577	427,639	46,564	474,204
2041	63		133,188	463,626	49,358	512,984
2042	64		135,852	502,528	52,320	554,847
2043	65		103,927	529,960	-	529,960

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Retirement Income Needs: Distribution										
Year	Client Age		Income Need	Income Sources				Inv't Assets	Inv't Balance	Annual Income Shortage
				CPP & OAS	Pensions & Other	RRIF				
2043	65		103,927	33,851	-	-	70,076	529,960	-	
2044	66		106,006	34,528	-	-	71,478	500,879	-	
2045	67		108,126	35,218	-	-	72,908	468,041	-	
2046	68		110,288	35,922	-	-	74,366	431,119	-	
2047	69		112,494	36,641	-	-	75,853	389,756	-	
2048	70		114,744	37,374	-	-	77,370	343,566	-	
2049	71		117,039	38,121	-	-	78,917	292,134	-	
2050	72		119,379	38,884	-	23,600	56,896	235,009	-	
2051	73		121,767	39,661	-	19,264	62,842	171,704	-	
2052	74		124,202	40,455	-	14,297	69,450	101,692	-	
2053	75		126,686	41,264	-	8,621	76,801	24,405	-	
2054	76		129,220	42,089	-	2,106	24,251	-	-60,774	
2055	77		131,805	42,931	-	-	-	-	-88,874	
2056	78		134,441	43,789	-	-	-	-	-90,651	
2057	79		137,129	44,665	-	-	-	-	-92,464	
2058	80		139,872	45,558	-	-	-	-	-94,314	
2059	81		142,670	46,470	-	-	-	-	-96,200	
2060	82		145,523	47,399	-	-	-	-	-98,124	
2061	83		148,433	48,347	-	-	-	-	-100,086	
2062	84		151,402	49,314	-	-	-	-	-102,088	
2063	85		154,430	50,300	-	-	-	-	-104,130	
2064	86		157,519	51,306	-	-	-	-	-106,213	
2065	87		160,669	52,332	-	-	-	-	-108,337	
2066	88		163,882	53,379	-	-	-	-	-110,503	
2067	89		167,160	54,447	-	-	-	-	-112,714	
2068	90		170,503	55,535	-	-	-	-	-114,968	

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Retirement Plan Assumptions

income needs	Emily
Retirement starts at age	65
Retirement ends at age	90
Current income need	\$ 75,000
Percentage of above needed at retirement	75.00%
Index pre-retirement income at	2.00%
Index post-retirement income at	2.00%
Change income need again?	No
Change income need at age	-
Percentage of new income need required	-
Index new income need at	-
Additional amount to be left to your estate	

rates of return	pre-retirement	post-retirement
Emily		
Registered Funds	8.00%	8.00%
Tax rate	25.00%	25.00%
Non-Registered Funds	6.00%	6.00%
Average rate(registered and non-registered)	7.00%	7.00%

Canada Pension Plan benefits	Emily
Are you currently receiving CPP benefits?	No
If you are currently receiving CPP benefits:	
Is this the first year of receiving CPP benefits?	-
Current annual CPP amount being received	-
If you are not currently CPP benefits:	
Start receiving CPP at age	65
What percentage of maximum CPP do you qualify for?	100.00%

Old Age Security payments	Emily
Do you qualify for OAS benefits?	Yes
Index CPP and OAS benefits at	2.00%

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Retirement Plan Assumptions

- The OAS clawback is not factored into the calculations.
- Funds to cover income shortages are first drawn from Non-Registered Assets. Once the Non-Registered Assets are depleted, funds are withdrawn from Registered Assets.

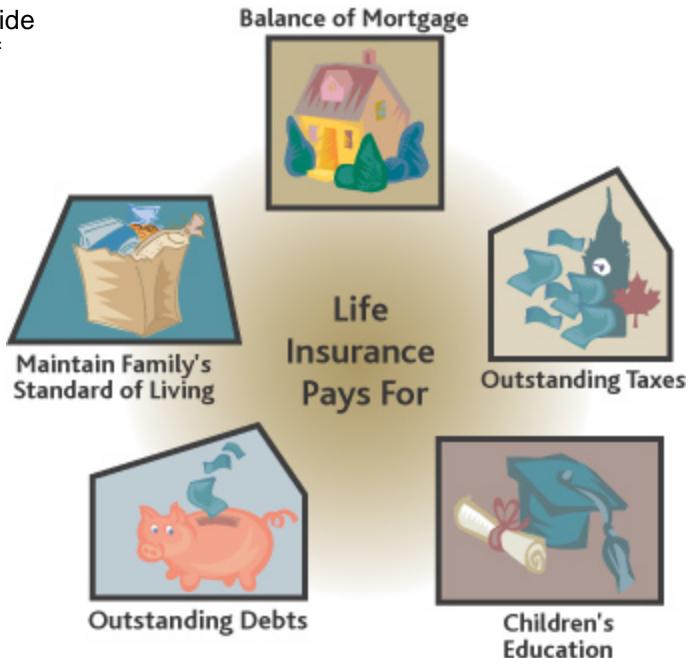
RRSP Contributions	Emily
Stream 1	
Annual Amount	\$ 1,000
Indexed At	2.00%
Start Age	34
End Age	65
Stream 2	
Annual Amount	-
Indexed At	-
Start Age	-
End Age	-
Non-Registered Investment Contributions	Emily
Stream 1	
Annual Amount	-
Indexed At	-
Start Age	-
End Age	-
Stream 2	
Annual Amount	-
Indexed At	-
Start Age	-
End Age	-
RRIF (Registered Retirement Income Fund)	Emily
Start Age	71
Payment Type	Minimum

- All RRIF payments are withdrawn annually.
- Minimum payments are based on withdrawal rates for new RRIF funds (post 1992).
- The first minimum payment is delayed for one year.

Life Insurance

Although the basic purpose of life insurance is to provide your dependents with a continuing source of income if you die, it also provides for other financial needs.

Maintain your family's standard of living
Pay off the mortgage on your home
Pay off any outstanding debts
Provide for your children's education
Pay off any outstanding taxes

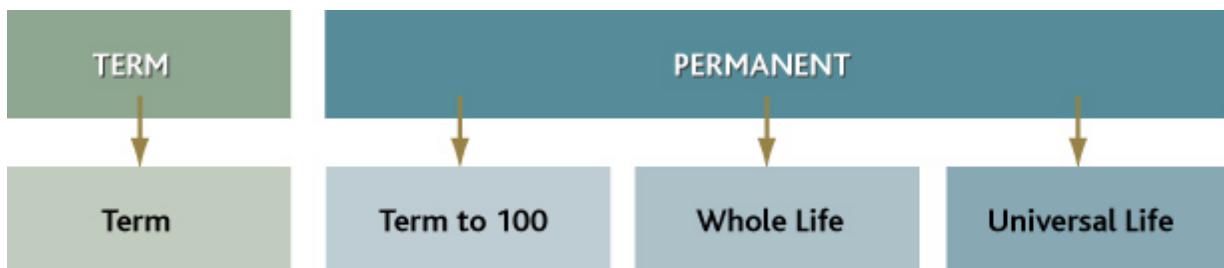


Types of Life Insurance

The two major categories of life insurance products are Term and Permanent. Term insurance is designed to address temporary needs and buys you protection for a specified period of time or "term."

Permanent insurance is generally used for permanent needs, such as providing an income for survivors, funeral expenses, capital gains taxes on investments, real estate and RRSPs at death, charitable gifts or passing a business to the next generation.

Most permanent policies can be split into two categories: those that have cash value and those that do not. The cash value reflects the money that a policy holder puts into the policy in excess of the actual cost of the insurance. Whole and Universal Life policies have cash values while Term to 100 policies generally do not.



Emily Smith

Life Insurance

Life insurance is one of the most important investments you can make to protect your family's financial security.

It is used to guarantee that your family will have a lump sum to pay off large financial obligations, a source of income to meet daily living expenses and be able to meet major future expenses such as your children's education.

Life insurance benefits payable to a designated beneficiary are non-taxable and are not subject to probate fees.

summary of life insurance needs	Emily
Cash Needs	\$147,000
Income Needs	\$620,891
Total Capital Required	\$767,891
Less Current Capital	\$180,000
Life Insurance Need*	\$587,891

* A positive amount indicates an insurance need, a negative amount indicates an insurance surplus.

Emily Smith

Life Insurance

cash needs

On the death of Emily	Amount
Funeral expenses	\$10,000
Bills, accounts payable, loans	\$1,000
Income taxes	\$10,000
Tax preparation fees	\$1,000
Probate, legal, executor fees	\$5,000
Mortgage redemption	\$50,000
Emergency fund	\$10,000
Education fund	\$60,000
Gifts & bequests	
Other	
Total	\$147,000

income needs

On the death of Emily	Amount
Annual income need	\$50,000
Less	
Surviving spouse's income	
CPP survivor benefits	
Other	
Other	
Equals annual income need	\$50,000
Rate of return (before tax)	7.00%
Tax rate	30.00%
Rate of return (after tax)	4.90%
Index income to inflation of	2.00%
Inflation adjusted return	2.90%
Deplete capital?	Yes
Capital to last for (years)	15
Capital to generate income	\$620,891

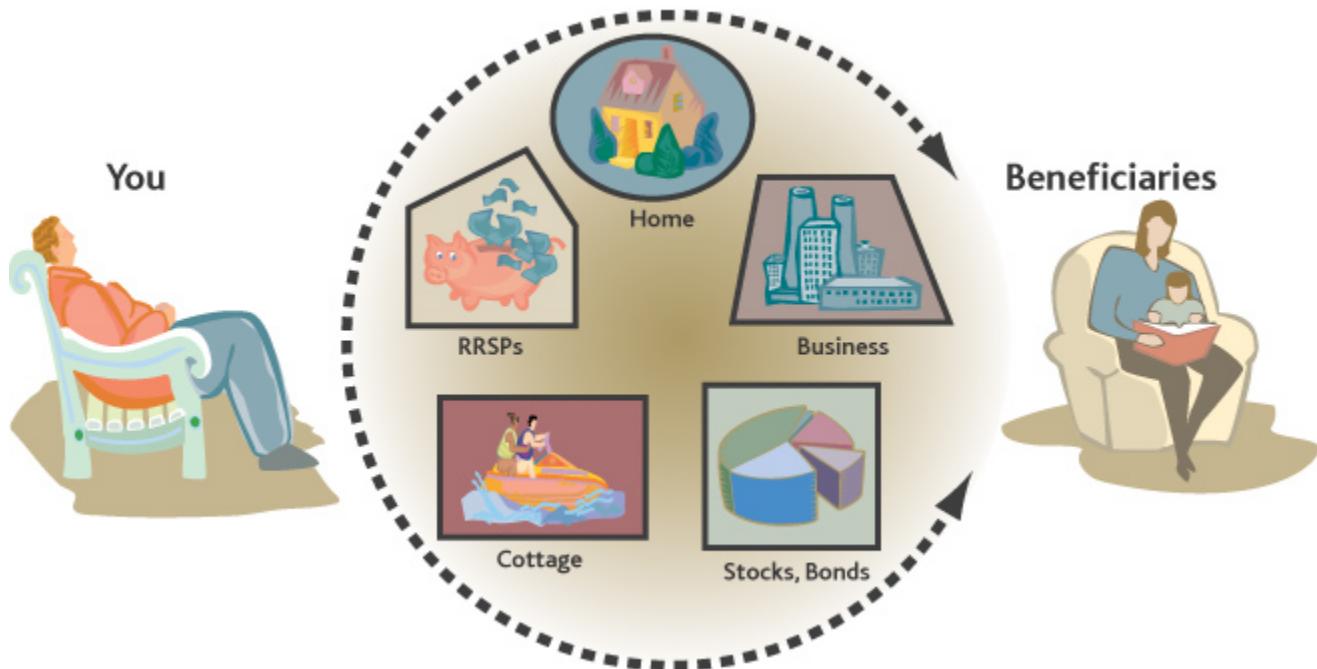
current capital

On the death of Emily	Amount
CPP death benefit	\$2,500
Existing life insurance	\$100,000
Non-registered assets	\$5,000
Registered assets	\$72,500
Other	
Other	
Other	
Other	
Total	\$180,000

Estate Planning

What is Estate Planning?

Estate planning is the process of structuring your personal and financial affairs so that, upon death, your assets are distributed according to your wishes. A properly prepared estate plan will help minimize income taxes and probate costs, provide for charitable donations and other gifts, ensure that your family does not face financial hardship and, in order to avoid any future conflicts, clearly define your wishes regarding the final distribution of your assets.



10 Reasons to Have an Estate

- Provide adequately for your spouse and dependents
- Distribute assets according to your wishes, not the courts
- You choose the guardian for your minor children, not the courts
- Appoint your own power of attorney to manage your affairs
- Reduce or defer taxes
- Reduce probate, legal and executor fees
- Provide funds for all final expenses and liabilities
- Decrease the time and potential problems to settle your estate
- Pass your business to your spouse, children or other party
- Gift money or assets to a charity of your choice

Emily Smith

Estate Planning Checklist

	Emily
1. Do you have a signed will?	Yes
2. Do you have a signed power of attorney for your financial affairs?	No
3. Do you have a signed power of attorney for your personal care?	No
4. Have you reviewed your will and powers of attorney in the last 2 years?	No
5. Do you have an up-to-date net worth statement listing your assets and liabilities?	Yes
6. Have you named beneficiaries for all of your registered investments(RRSPs, RRIFs, LIFs, LRIFs, annuities, pension plans, DPSPs) and life insurance policies?	No
7. Have you reviewed the pros and cons of jointly registering non-RRSP assets in your name and your spouse's name?	N/A
8. Do you have enough capital or life insurance to cover immediate cash needs at death (funeral expenses, income taxes, legal fees, executor fees, probate fees)?	No
9. Do you have enough capital or life insurance to replace your income and maintain your family's current lifestyle?	No
10. Do your family members know where to locate your financial records (investment accounts, bank accounts, tax returns, insurance policies, safety deposit box)?	No
11. Do you have a succession plan for your business?	N/A
12. Do you have a buy/sell agreement in place with your business partner(s)?	N/A

Education Planning

Investing for Education

Your children will need high levels of training and education to secure employment in a world that is becoming increasingly competitive and technology driven. Obtaining a post-secondary education to meet these demands is also becoming more expensive as governments continue to cut spending to reduce deficits and balance budgets.

The current cost for four years of university education is approximately \$50,000. This includes tuition rent, food, books and additional fees. In eighteen years, the total cost of a four-year university education will be \$89,000, assuming costs increase by 3% per year. If you start now and invest \$160 per month in an RESP that earns 7.0% per year, you will be able to pay for your child's university education.

Two ways you can save for your child's post-secondary education are by using Registered Education Savings Plans (RESPs) and in-trust accounts.



RESPs

An RESP is a government-approved plan for the purpose of providing post-secondary education funding for a beneficiary. Income earned within the plan is not taxed until it is withdrawn. The 2007 Federal Budget eliminated the maximum contribution limit of \$4,000 per year per beneficiary and increased the lifetime limit from \$42,000 to \$50,000. RESP holders also receive a Canada Education Savings Grant (CESG) of up to \$500 (\$1,000 if catching up) per year for each child under the age of 18. The maximum lifetime total of CESGs from the federal government is \$7,200 (for a maximum lifetime total of \$57,200 in RESP contributions and CESG per child).

In-Trust Accounts

You can save for your child's education with an informal in-trust account. This is an investment account you open on behalf of your child. The money is held in trust until he or she reaches 18. Any capital gains earned on an informal in-trust account will be included in your child's income, so it will probably be taxed at a rate lower than yours. In-trust accounts differ from RESPs in several ways:

- You can invest as much as you like in an in-trust account
- The money does not have to be used specifically for education
- Your contribution will not qualify for the CESG grant

Emily Smith

Education Funding Plan Summary

Your children will need high levels of training and education to secure employment in a world that is becoming increasingly competitive and technology driven. Obtaining a post-secondary education to meet these demands is also becoming more expensive as governments continue to cut spending to reduce deficits and balance budgets.

This page summarizes the education funding plans for your children and how much you should invest on a monthly basis in order to meet their post-secondary school funding needs.

Please see the attached pages for details on the education plan for each child.

education funding plan

Name	Funds Needed	Future Value of Savings	Surplus/ Shortage *	Monthly Investment
Sarah	\$ 82,731		\$ -82,731	509
Totals	\$ 82,731		\$ -82,731	509

* A negative amount indicates an education fund shortage, a positive amount indicates a surplus.

Emily Smith

Education Funding Plan Results

education funding plan

Name	Funds Needed	Future Value of Savings	Surplus/ Shortage *	Monthly Investment
Sarah	\$ 82,731		\$ -82,731	509
Totals	\$ 82,731		\$ -82,731	509

* A negative amount indicates an education fund shortage, a positive amount indicates a surplus.

Emily Smith

Education Funding Plan for Sarah

monthly contributions required to fund education

RESP contribution	\$	417
CESG grant	\$	42
Total RESP contribution	A	\$ 458
Total Non-RESP contribution	B	\$ 51
Total monthly contribution (A plus B)	\$	509

education costs

Total post-secondary education costs	\$	90,337
Present value of above costs at the start of the 1st year of school	A	\$ 82,731
Percentage of above education costs to be covered by this plan	B	\$ 100.00 %
Funds needed at the start of the 1st year of school (A x B)	C	\$ 82,731
Future value of current savings at the start of the 1st year of school	D	\$
Shortage (D minus C)	\$	-82,731

education cost table

Year#	Year	Age	Total Annual	Annual Tuition Costs	Annual Room & Board Costs
1	2021	18	21,359	12,217	9,142
2	2022	19	22,153	12,828	9,325
3	2023	20	22,981	13,469	9,512
4	2024	21	23,844	14,142	9,702
Totals			\$ 90,337	\$ 52,656	\$ 37,682

assumptions

Current age	8
Start school at age	18
Years in school	4
Fund education using RESPs?	Yes
Current RESP savings	\$
Annual RESP contributions	\$
RESP rate of return	6.00%
Current Non-RESP savings	\$
Annual Non-RESP contributions	\$
Non-RESP rate of return	6.00%
Current annual tuition costs	\$ 7,500
Current annual room & board costs	\$ 7,500
Tuition inflation rate	5.00%
Room & board inflation rate	2.00%

Education Funding Plan - Additional Assumptions

- The value of Current RESP savings is used as the amount of principal contributed to the RESP. This number is used to calculate the amount still available to contribute to the RESP based on the \$50,000 lifetime limit.
- If RESPs are used to fund education, the maximum RESP and CESG contributions (maximum monthly CESG contribution is \$41.67 or \$500.00 per year) are calculated. If these amounts are insufficient to meet the funding requirements, then the monthly Non-RESP contribution amount needed to meet the shortfall is calculated.
- If Non-RESPs are used to fund education, no RESP or CESG calculations are performed.
- All monthly contributions are made at the end of the month.
- The rate of return on monthly contributions is compounded annually.
- The calculation of the present value of annual education costs at the start of the first year of school uses the RESP rate of return as the discount rate.