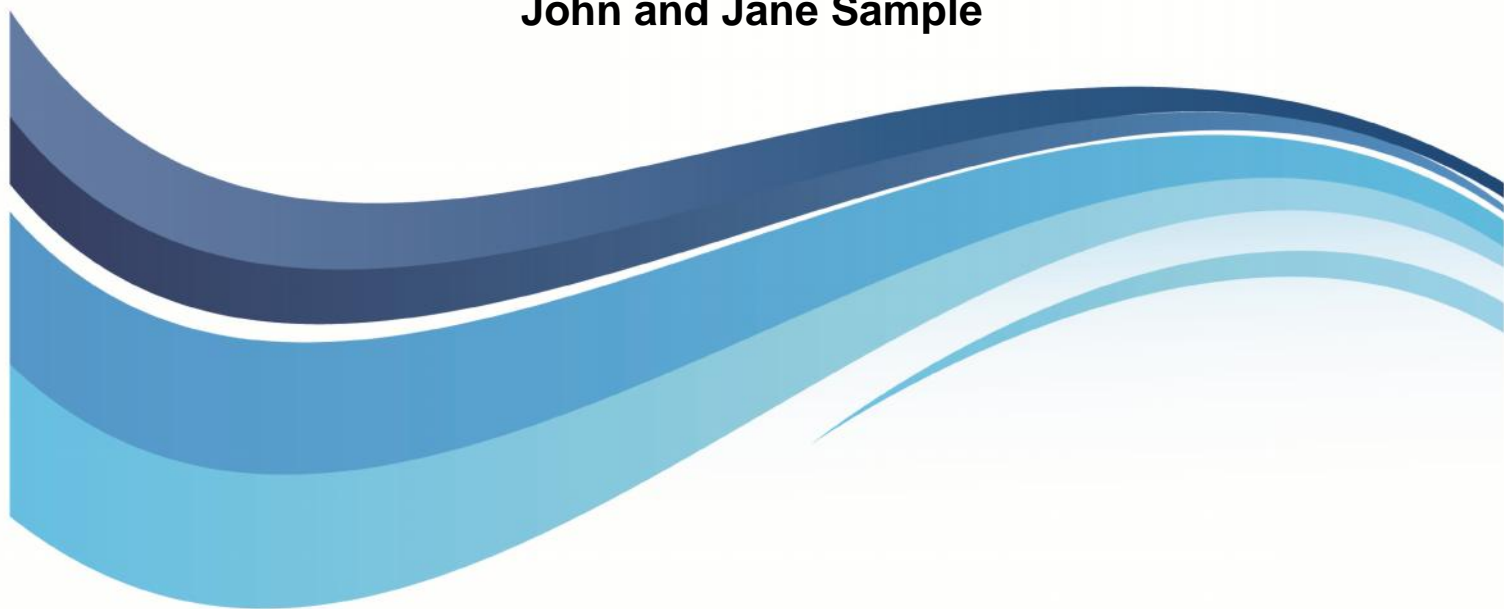


**RAYMOND JAMES®**

**Personal Financial Strategy**

**Prepared for**

**John and Jane Sample**



**Prepared by: Jamie Middleton**

# Index

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## Purpose for a Personal Financial Strategy

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The purpose for having a Personal Financial Strategy is to provide you with a roadmap that identifies what you need to do to achieve all of your financial goals and objectives. Having this financial roadmap will help you make more informed decisions about what you spend, save, or invest. How important is making “more informed” decisions? This report will clearly illustrate that the decisions that you make today will indeed determine tomorrow’s destiny.

It is important to understand that this financial roadmap will not stay “current” forever. It will become outdated with changes in your goals and objectives, tax laws, and other personal economic circumstances. Thus, it is important to have your Personal Financial Strategy updated on a periodic basis.

## Your Goals and Objectives

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### Goals

You identified the following general goals:

- Planning for retirement
- Wealth accumulation
- Estate planning
- Protecting your family's future
- Having an active and rewarding lifestyle

### Objectives

Your specific objectives provide the basic framework for the development of your Personal Financial Strategy. These are the quantifiable financial objectives you have identified. They are expressed in today's dollars, after tax.

**Retirement Age:** You would like to be financially independent at John's age 65 and Jane's age 65.

**Retirement Income:** Your annual after tax Retirement Lifestyle objective is \$50,000 indexed for inflation of 1.5%.

# Net Worth Statement

Assets	John	Jane	Total
<b>Personal Use Assets</b>			
Personal Use	362,500	362,500	725,000
<b>Total Personal Use Assets</b>	<b>362,500</b>	<b>362,500</b>	<b>725,000</b>
<b>Registered Investments</b>			
Registered Investments	51,863	0	51,863
Registered Investments	0	18,840	18,840
Registered Investments	52,321	0	52,321
Registered Investments	17,000	0	17,000
<b>Total Registered Investments</b>	<b>121,184</b>	<b>18,840</b>	<b>140,024</b>
<b>Total Assets</b>	<b>483,684</b>	<b>381,340</b>	<b>865,024</b>

Liabilities	John	Jane	Total
<b>Personal Use Liabilities</b>			
Personal Use	175,000	175,000	350,000
<b>Total Personal Use Liabilities</b>	<b>175,000</b>	<b>175,000</b>	<b>350,000</b>
<b>Total Liabilities</b>	<b>175,000</b>	<b>175,000</b>	<b>350,000</b>
<b>Net Worth</b>	<b>308,684</b>	<b>206,340</b>	<b>515,024</b>

## Net Worth Analysis

Your net worth statement measures your financial position at a specific point in time. It provides a benchmark from which you can measure your progress.

Presently your net worth is \$515,024 comprised of \$865,024 of assets less \$350,000 of liabilities.

## Net Investment Assets

While your net worth measures your progress overall, it will be the net investment assets that you accumulate that will determine your ability to fund your financial goals. Of your net worth, \$140,024 was identified as being your net investment assets. (Total investment assets minus investment liabilities.)



# Cash Flow Statement

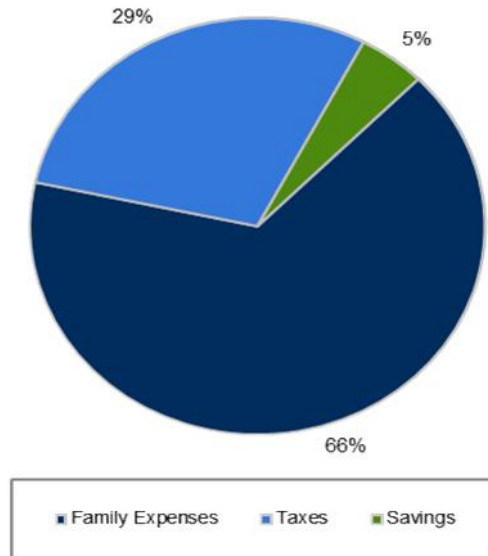
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## Cash Management

Total Income	\$210,000
Total Expenses	\$200,000
Total Savings	\$10,000
Surplus/Shortfall	<u>\$0</u>

## Tax Planning

John's Tax	\$61,610
Total Taxes	<u>\$61,610</u>
John's Marginal Tax Rate	43.70%
John's Average Tax Rate	30.80%



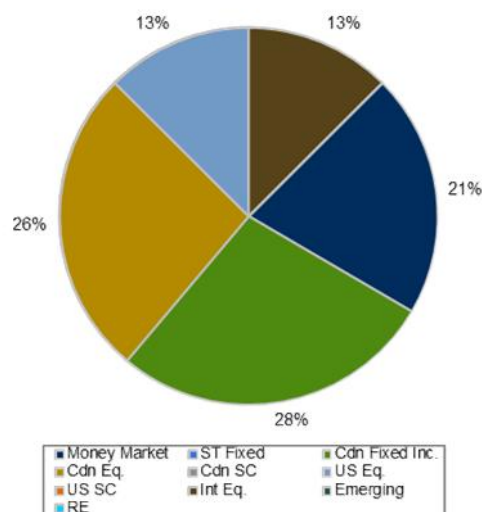
# Asset Allocation

## Strategic Portfolio

### Current Asset Allocation

Based on the information that you have provided, the current asset allocation for this portfolio is:

Money Market	20.93%
Fixed Income	27.70%
Canadian Equities	26.36%
US Equities	12.51%
International Equities	12.51%
<b>Total</b>	<b>100.00%</b>

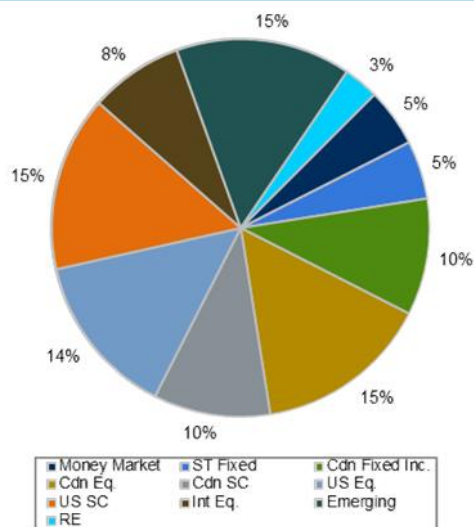


**Long-Term Historical Return: 4.50%**  
**Long-Term Historical Risk: 8.64%**

### Proposed Asset Allocation - Custom

We propose the following asset allocation for this portfolio:

Money Market	5.00%
Short-Term Fixed Income	5.00%
Fixed Income	10.00%
Canadian Equities	15.00%
Canadian Small Cap Equities	10.00%
US Equities	14.00%
US Small Cap Equities	15.00%
International Equities	8.00%
Emerging Markets	15.00%
Real Estate	3.00%
<b>Total</b>	<b>100.00%</b>



**Long-Term Historical Return: 6.40%**  
**Long-Term Historical Risk: 13.05%**

## The Life Goals Analysis – What is it?

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The Life Goals Analysis is a tool that allows you to identify if you are on track to achieve your personal goals and objectives. The analysis provides a snapshot, or bird's eye view of your entire future financial life. It identifies all anticipated sources of *income*, such as employment income, government and company pension plan benefits, investment income, as well as any special sources of money you may have identified.

The analysis also identifies all anticipated *expenses*. This includes living or "lifestyle" expenses (both before and after retirement), income taxes, savings, your mortgage payments, expenses to educate your children and any one-time expenses you might predict, such as the purchase of a boat, cottage, kitchen renovation etc.

By identifying all sources of *income* and all *expenses* and recognizing the timing of each, we are able to identify any year when you will have a shortfall (more expenses than income). In these shortfall years, money in your Non-Registered investment portfolio is used to cover these shortfalls. If there are insufficient funds available in your Non-Registered portfolio to fill the shortfall in any given year, then the shortfall is "real". When you have a shortfall that is "real", you can only eliminate it by changing one of the variables that you can control. These controllable variables include:

- Saving more and spending less
- Reducing your taxes
- Improving the rate of return on your investment portfolio by changing your investment management strategy
- Reducing or eliminating one or more of your goals

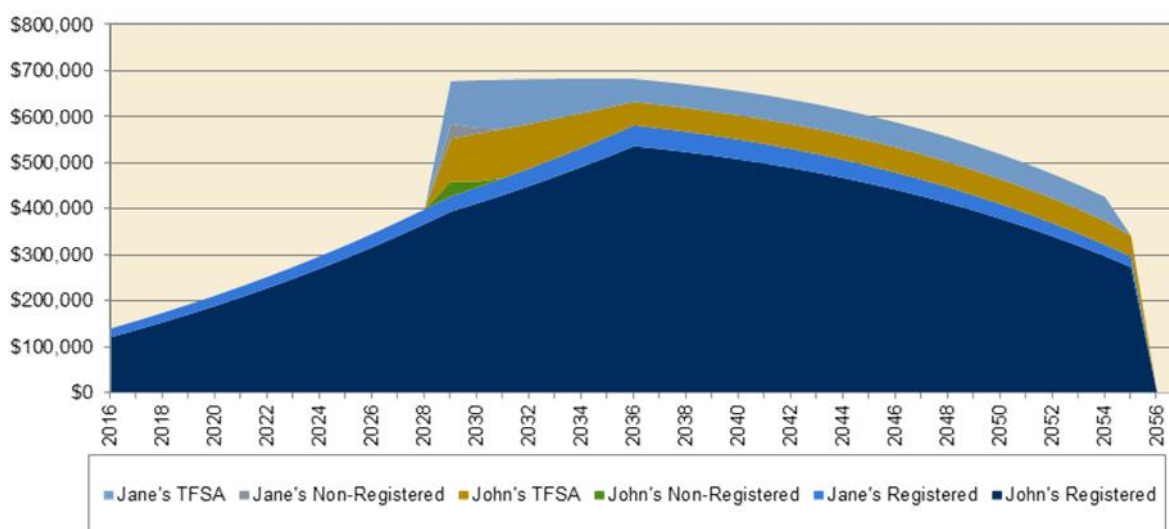
By making one or more of these changes, you can go from a *shortfall* to a *surplus*. When you have a surplus (identified as an "Estate") it means that you would achieve all of your goals and objectives, with something left over at the end your planning horizon (age 90).



## Life Goals Retirement Analysis – Current Situation

The Life Goals Analysis – Current Situation is a snapshot of your entire financial life assuming you make no changes in your current financial behaviour. This means that you continue to spend and save as you have in the past and you maintain an investment strategy consistent with how your assets are currently invested. A 4.50% pre-tax rate of return was used when doing the analysis because this is the expected rate of return for the existing asset allocation in your portfolio based on historical rates of return.

The analysis indicates that there is no shortfall, but in fact there is an estate of \$68,118 in today's dollars, or \$260,578 in future dollars. This means that you have more than enough resources to meet all of your objectives, which results in a surplus. The following graph illustrates how your savings, withdrawals and your expected rate of return will impact your investment capital over your lifetime.



## Life Goals Retirement Analysis - Current Situation

	\$ Per Year	Index Rate	From (Year)	Age	To (Year)	Age	Present Value
<b>INFLOWS</b>							
<b>Salaries, Pensions &amp; Other Revenues</b>							
John's Salary	200,000	1.50%	2016	52	2028	64	2,318,913
Jane's Salary	10,000	1.50%	2016	52	2028	64	115,946
John's CPP/QPP	13,110	1.50%	2029	65	2054	90	209,470
John's OAS	6,846	1.50%	2029	65	2054	90	109,385
Jane's OAS	6,846	1.50%	2029	65	2054	90	109,385
<b>Total Salaries, Pensions &amp; Other Revenues</b>							<b>2,863,097</b>
<b>Investment Income</b>							
John's Investment Income							476
John's Dividend Income							154
Jane's Investment Income							476
Jane's Dividend Income							154
<b>Total Investment Income</b>							<b>1,260</b>
<b>Withdrawals from Capital</b>							
John's Registered Withdrawals			2036	72	2054	90	298,616
Jane's Registered Withdrawals			2036	72	2054	90	25,300
John's Non-Registered Withdrawals							20,652
John's TFSA Withdrawals							72,725
Jane's Non-Registered Withdrawals							20,652
Jane's TFSA Withdrawals							58,444
<b>Total Withdrawals From Capital</b>							<b>496,389</b>
<b>Total Income &amp; Capital From All Sources</b>							
							<b>3,360,746</b>
<b>Taxes Paid</b>							
Taxes Payable John							766,815
Taxes Payable Jane							2,178
<b>Total Taxes Payable</b>							<b>768,994</b>
<b>Net Inflows</b>							
							<b>2,591,753</b>
<b>OUTFLOWS</b>							
<b>Savings</b>							
John's RSP Savings	10,000		2016	52	2028	64	106,633
John's Planned Open and TFSA Savings	125,000		2028	64	2028	64	82,723
Jane's Planned Open and TFSA Savings	125,000		2028	64	2028	64	82,723
John's TFSA Savings							4,156
Jane's TFSA Savings							4,156
<b>Total Savings</b>							<b>280,391</b>
<b>Life Goals</b>							
Current Lifestyle	138,389	1.50%	2016	52	2028	64	1,444,349
Retirement Lifestyle (After Tax)	50,000	1.50%	2029	65	2054	90	798,894
<b>Total Life Goals</b>							<b>2,243,243</b>
<b>Total Outflows</b>							<b>2,523,634</b>
<b>Estate Surplus</b>							<b>68,118</b>

## Life Goals Retirement Strategy

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After reviewing your overall financial position and considering your priorities, we have identified a strategy that will allow you to best meet your goals and objectives. The *revised* Life Goals Analysis illustrates the impact of adopting what we have recommended as your Personal Financial Strategy. The highlights are as follows:

### Savings

	Current Situation			Your Strategy			Variance
	Amount	From Year	To Year	Amount	From Year	To Year	
John's Annual Registered Savings	10,000	2016	2028	10,000	2016	2028	0
Downsize House	125,000	2028	2028	125,000	2028	2028	0
Downsize House	125,000	2028	2028	125,000	2028	2028	0

### Age of Retirement

John's Retirement Age	65	65	0
Jane's Retirement Age	65	65	0

### Retirement Objectives

Retirement Lifestyle (After Tax)	50,000	2029	2054	50,000	2029	2054	0
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### Portfolio Returns

Portfolio Rate of Return	4.50%	2016	2054	6.40%	2016	2054	1.90%
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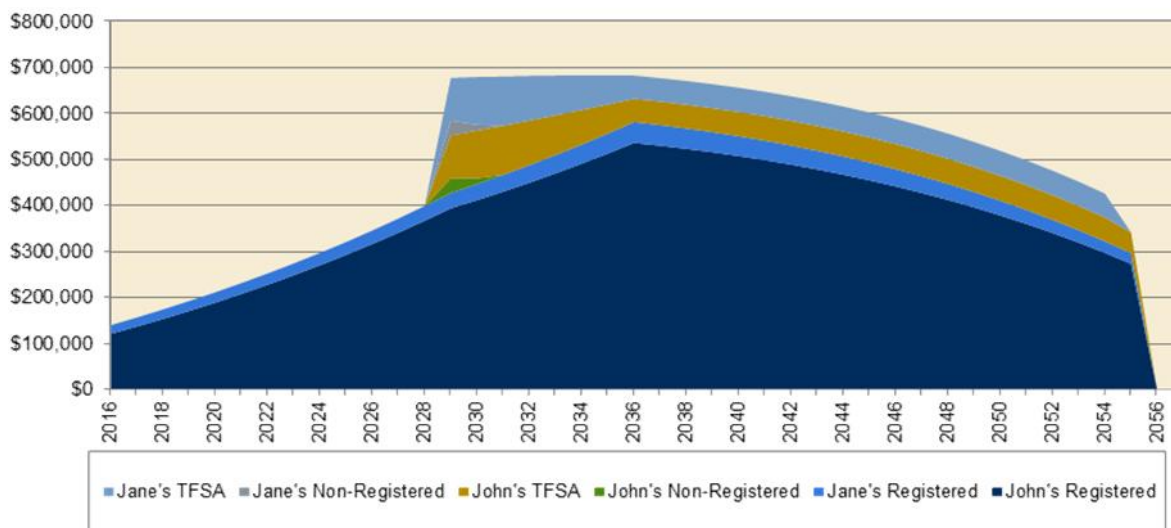
Based on the above strategy, there is a projected estate surplus of \$310,109 in today's dollars or \$1,186,284 in future dollars.

# Life Goals Retirement Strategy

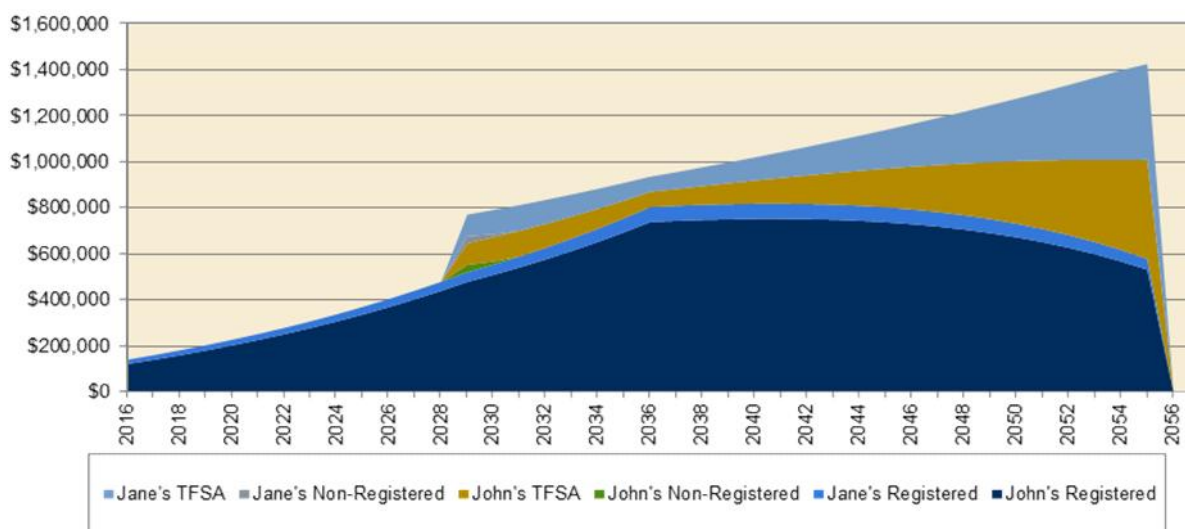
	\$ Per Year	Index Rate	From (Year)	Age	To (Year)	Age	Present Value
<b>INFLOWS</b>							
<b>Salaries, Pensions &amp; Other Revenues</b>							
John's Salary	200,000	1.50%	2016	52	2028	64	2,318,913
Jane's Salary	10,000	1.50%	2016	52	2028	64	115,946
John's CPP/QPP	13,110	1.50%	2029	65	2054	90	209,470
John's OAS	6,846	1.50%	2029	65	2054	90	109,385
Jane's OAS	6,846	1.50%	2029	65	2054	90	109,385
<b>Total Salaries, Pensions &amp; Other Revenues</b>							<b>2,863,097</b>
<b>Investment Income</b>							
John's Investment Income							546
John's Dividend Income							148
Jane's Investment Income							546
Jane's Dividend Income							148
<b>Total Investment Income</b>							<b>1,387</b>
<b>Withdrawals from Capital</b>							
John's Registered Withdrawals			2036	72	2054	90	504,262
Jane's Registered Withdrawals			2036	72	2054	90	44,567
John's Non-Registered Withdrawals							20,990
John's TFSA Withdrawals							155,507
Jane's Non-Registered Withdrawals							20,990
Jane's TFSA Withdrawals							151,379
<b>Total Withdrawals From Capital</b>							<b>897,695</b>
<b>Total Income &amp; Capital From All Sources</b>							<b>3,762,179</b>
<b>Taxes Paid</b>							
Taxes Payable John							820,187
Taxes Payable Jane							19,298
<b>Total Taxes Payable</b>							<b>839,484</b>
<b>Net Inflows</b>							<b>2,922,695</b>
<b>OUTFLOWS</b>							
<b>Savings</b>							
John's RSP Savings	10,000		2016	52	2028	64	106,633
John's Planned Open and TFSA Savings	125,000		2028	64	2028	64	82,723
John's Unplanned Other Savings							46,612
Jane's Planned Open and TFSA Savings	125,000		2028	64	2028	64	82,723
Jane's Unplanned Other Savings							42,339
John's TFSA Savings							4,156
Jane's TFSA Savings							4,156
<b>Total Savings</b>							<b>369,343</b>
<b>Life Goals</b>							
Current Lifestyle	138,389	1.50%	2016	52	2028	64	1,444,349
Retirement Lifestyle (After Tax)	50,000	1.50%	2029	65	2054	90	798,894
<b>Total Life Goals</b>							<b>2,243,243</b>
<b>Total Outflows</b>							<b>2,612,586</b>
<b>Estate Surplus</b>							<b>310,109</b>

## Before and After – A Comparison of Results

**Results Before the Implementation of your Personal Financial Strategy** – To allow you to clearly identify the benefits of your Personal Financial Strategy, here is another look at the projected results of your current behaviour. If you did nothing different, you would have sufficient resources to meet all of your objectives and would actually have a surplus (estate) of \$68,118 in today's dollars or \$260,578 in future dollars. This graph is the same as the one we looked at before. It illustrates how your savings, withdrawals and your expected rate of return will impact your investment capital over your lifetime.



**Results After the Implementation of your Personal Financial Strategy** – Now let's look at the same graph, but this time, see how the implementation of your Personal Financial Strategy impacts your results. Compare the graph below with the one above. We have gone from a surplus of \$68,118 to a surplus of \$310,109 in today's dollars or \$1,186,284 in future dollars.



This comparison clearly identifies the impact your Personal Financial Strategy has on your investment capital over your lifetime. Relatively modest changes in your behaviour can reap very significant benefits that can dramatically enhance your future financial destiny.

## Needs on Death

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Risk Management requires that we look at what would happen in the event of either of your deaths. This analysis is done using information you provided to us about your income, expenditures, assets and insurance details.

- In the event of John's death there is a shortfall of \$269,047.
- In the event of Jane's death no shortfalls have been identified.

## Needs on Disability

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Risk Management requires that we look at what would happen in the event that either of you become disabled. This analysis is done using information you provided to us about your income, expenditures, assets and insurance details.

- Our analysis indicates that in the event of John's long-term disability, you require an additional \$7,206 each month. This assumes after tax income with cost of living increases.
  - In the event of Jane's disability no shortfalls have been identified.
-