

FINANCIAL PLANNING

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CERTIFIED FINANCIAL PLANNER (CFP®)

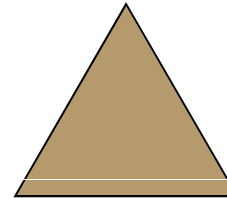
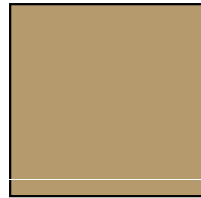
- Certified Financial Planner (CFP®), Certification is the industry gold standard in financial planning.
- However, since financial planning is not regulated in most Canadian provinces, anyone can call themselves a "financial planner"; but not everyone who refers to themselves as a planner is indeed qualified. In the absence of government regulation, Canadians seeking competent and ethical financial planning services should look for the CFP mark. CFP certification provides assurance that the planner is committed to internationally-recognized professional standards of competence, ethics and practice as set and enforced in Canada by FPSC.

CHARTERED FINANCIAL ANALYST

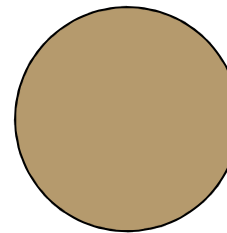
- THE CFA DESIGNATION IS A GLOBALLY RECOGNIZED DESIGNATION OF PROFESSIONAL EXCELLENCE THAT IS EARNED BY A SELECT GROUP OF INVESTMENT PROFESSIONALS.
- THE CFA IS THE GLOBAL STANDARD OF KNOWLEDGE, INTEGRITY AND PROFESSIONALISM.

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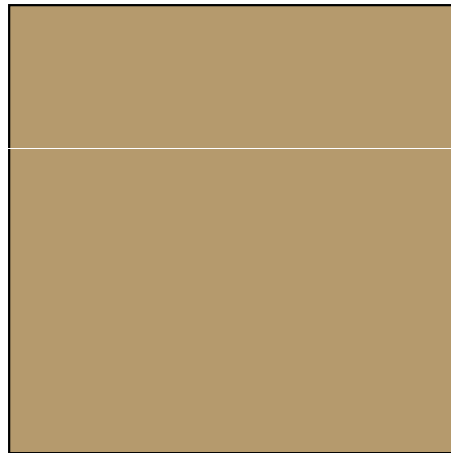
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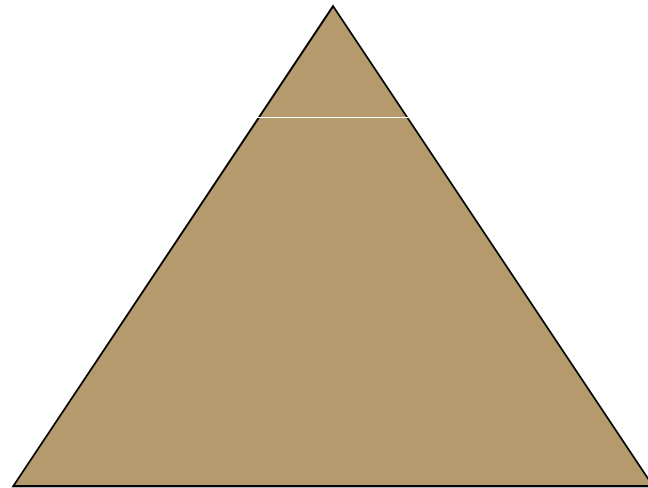
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INTELLIGENT



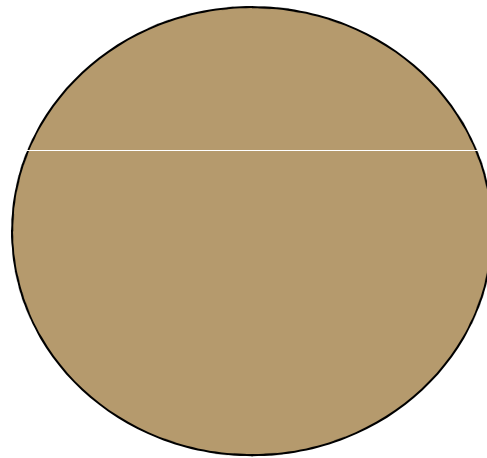
LEADERS



IMAGINATIVE

Z

PREOCCUPIED WITH BOOZE AND SEX



PRIORITY PYRAMID

OTHER

HOME

**RRSPs & TFSAs
EDUCATION SAVINGS**

**EMERGENCY FUND
DEBT ELIMINATION**

**INSURANCES
WILL AND P.O.A.**

WILL

- Executor
- Division of property
- Guardian
- Hand written will and will kits
- Legal document therefore you should have a lawyer make the will.

POWER OF ATTORNEY (POA)

- If you need a will you probably need a POA
- Enduring POA
 - Gives authority to another person to run your finances should you not be able to. E.g. If you were incapacitated or out of the country.
- Health Directive
 - Gives authority to another person to make medical decisions for you if you not be able to. Not legally binding in Saskatchewan.

INSURANCES

- Disability
- Life Insurance
- Critical illness
- Long Term Care (LTC)

DISABILITY INSURANCE

- You have a 1 in 3 chance of becoming disabled for 90 days or longer at least once before age 65. The average duration for such disability is 2.9 years.
- Pays a monthly income while you are disabled
 - Individual Policies
 - Individual – medically underwritten
 - Own Occupation for life, Elimination Period, Benefit Period, Partial Disability, etc.
 - Group Policies
 - Benefit through employment
 - Not medically underwritten
 - Own Occupation usually for 2 years only.

LIFE INSURANCE

- Pays a lump sum upon death
 - It is needed to replace your income for dependents who are left behind.
- Temporary Insurance
 - Used for temporary needs: Income replacement for a certain length of time, debt repayment, education costs, etc.
 - 1, 10, 15, 20, 25 & 30 year term insurance. These are usually renewable at the end of the term till age 75 but renewal rates are quite expensive.
- Permanent Insurance
 - Used for permanent needs: final expenses, estate planning, etc.
 - Whole life, Universal life, Term 100.
 - It is more expensive than Temporary Insurance

CRITICAL ILLNESS

- Pays out a lump sum if you are diagnosed with a Critical illness.
 - It usually covers up to 22 critical illnesses with cancer, stroke and heart attack being the most common
 - The lump sum can be used to replace lost income, additional medical expenses, travel, medical aids, etc.
 - Temporary and permanent coverage is available.

LONG TERM CARE (LTC)

- Pays a monthly benefit to cover Long Term care such as home care, assisted living, adult daycare, respite care, hospice care, nursing home and Alzheimer's facilities
- Individuals who require long-term care are generally not sick in the traditional sense, but instead, are unable to perform the basic activities of daily living (ADLs) such as dressing, bathing, eating, toileting, continence, transferring (getting in and out of a bed or chair), and walking.
- Age is not the determining factor.

DEBT ELIMINATION & EMERGENCY FUND

- Debt Elimination

- Pay off high interest non tax deductible debt first such as credit card debt and high interest lines of credit. Credit card debt can charge up to 18% interest or more on unpaid balances.
- Tax deductible debt (Debt incurred to earn income) and low interest debt (e.g. house debt) would rank in importance = to RRSP's, TFSA's and RESP's.

- Emergency Fund

- Should be equal to 3 to 6 months of living expenses.
- Invested in liquid investments

REGISTERED RETIREMENT SAVINGS PLANS(RRSP'S)

- It allows you to defer taxes by using pretax dollars to fund the RRSPs. If you invest \$1,000 you are not taxed on this amount or any growth on it until you withdraw the money from the RRSP.
- It is especially effective if you are funding it during the years you are in a higher tax bracket and withdraw it during the years you are in a lower tax bracket.

TAX FREE SAVINGS ACCOUNTS (TFSA_s)

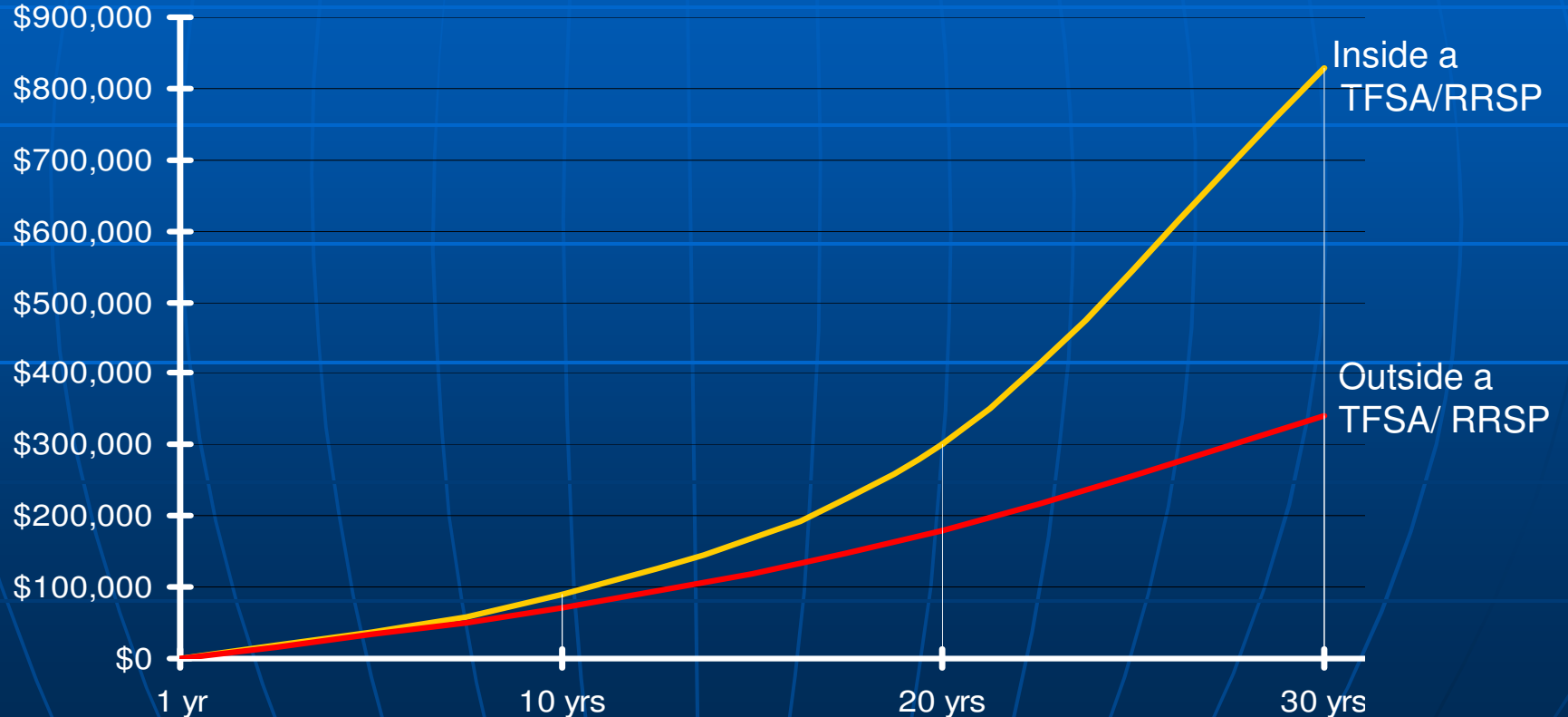
- These are funded with after tax dollars, but the growth is never taxed even when it is withdrawn.
- Money that is withdrawn can be recontributed in the future.
- Withdrawals are not considered income so they do not affect income related calculations for tax purposes such as the OAS claw back or social assistant payments.

RRSPs Vs TFSAs

- Both are very tax effective ways for saving money and which one you would use or if you used both of them would depend on your particular situation.
- RRSP's are commonly used to save for retirement whereas TFSAs are used to fund other capital expenditures such as down payments for a house, vehicle purchase, vacation, etc.
- RRSP's would be used more for incomes in the higher tax brackets whereas TFSAs would be used more for incomes that are in the lowest tax bracket.

The power of RRSPs and TFSAs

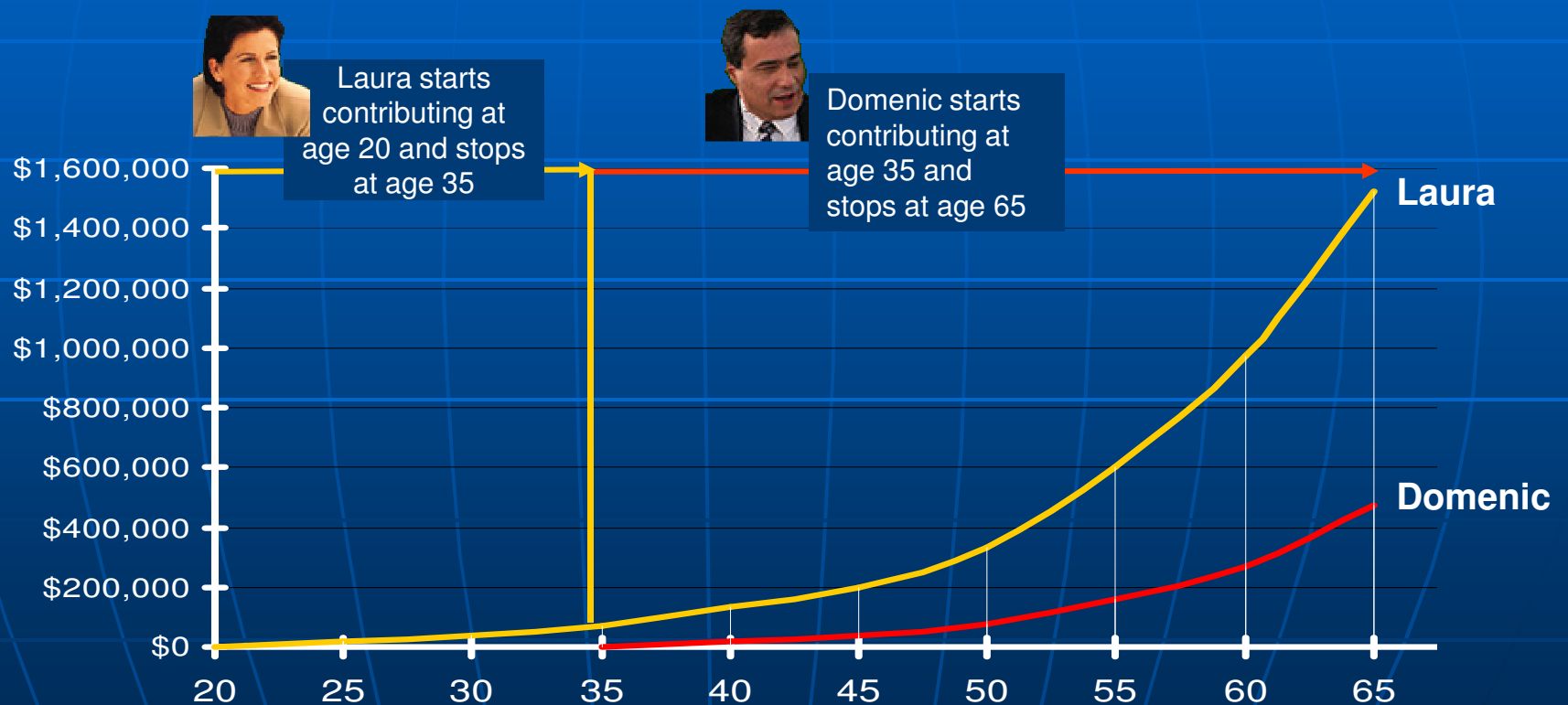
■ Tax-free compounding



A hypothetical example, assuming 10% annual interest rate and a marginal tax rate of 50%. Inflation is not taken into account.

The sooner you invest, the better

■ The power of compounding



A hypothetical example, assuming 10% annual interest rate and a marginal tax rate of 50%. Inflation is not taken into account.

REGISTERED EDUCATION SAVINGS PLAN (RESPs)

- The most effective way to save for post secondary education.
- The government will contribute 20% of any contribution up to \$2,500 per beneficiary per year. e.g. \$2,500 contributed x 20% = \$500 government grant.
- Beneficiary must be 17 or younger in the year of the contribution. Other rules also apply.
- There are a number of products available. You should look for products with a lot of flexibility.

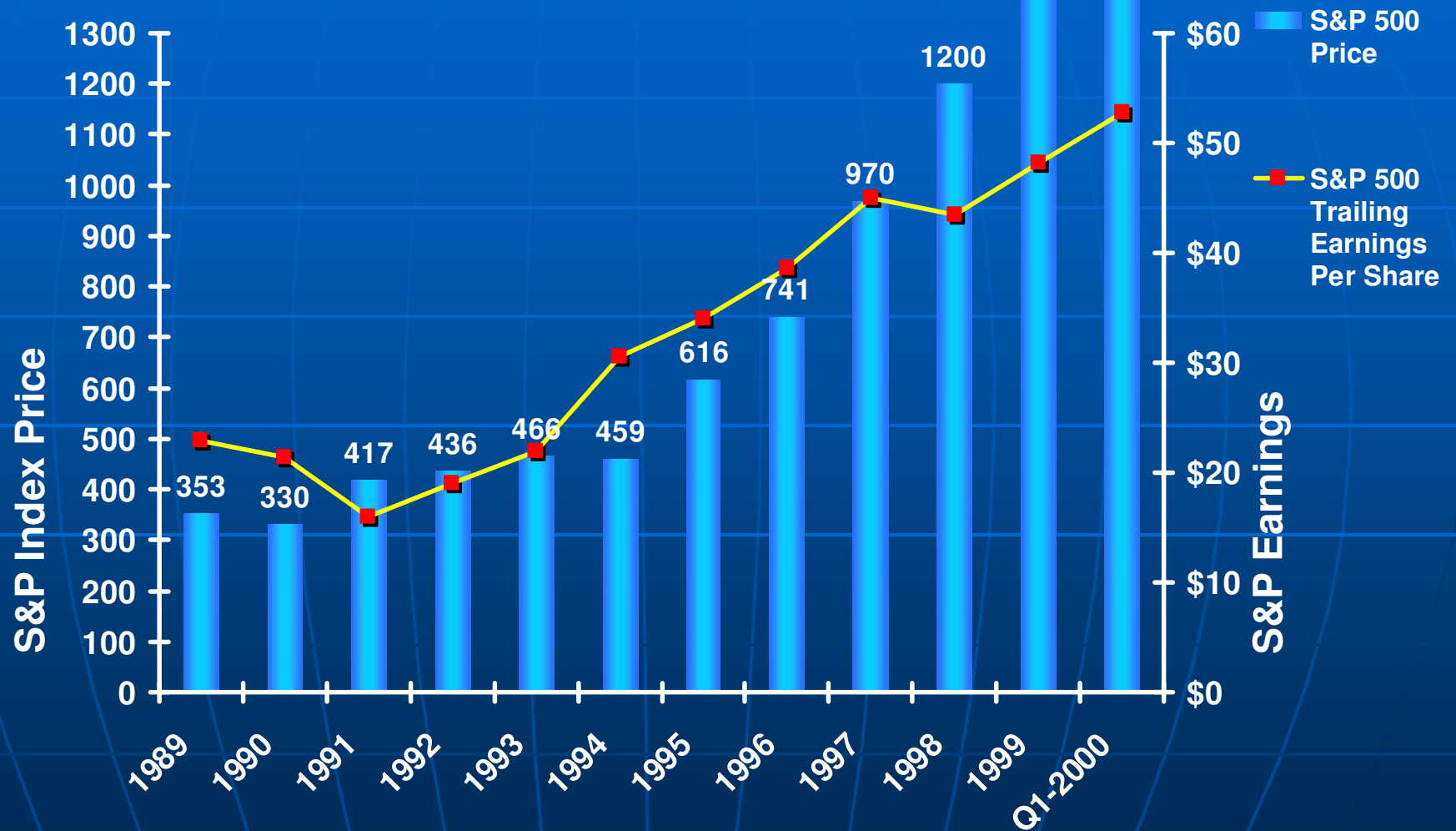
HOUSE MORTGAGE

- Paying off your house mortgage is equal to investing in RRSPs or TFSAs under most circumstances because your interest is paid with after tax dollars. To pay a \$1.00 worth of debt in a 40% tax bracket takes \$1.66 of pretax income.
- Along with contributing to RRSPs, TFSAs and RESPs you should be trying to accelerate the pay down of your house debt. This is where you may want to consult an advisor.

INVESTMENTS

- Cash equivalents
 - Interest bearing securities with terms of one year or less.
 - E.g. Savings accounts, Tbill's , Bankers acceptances, Money Market funds
 - Lower volatility and lower returns
- Income securities
 - Interest bearing of securities of one to 30 years.
 - E.g. GIC's, Government bonds, Corporate Bonds, Bond funds
 - Medium volatility and Medium return.
- Equities, Shares, Capital
 - Ownership in businesses so you participate in the profits and losses of the business.
 - Higher volatility and higher return

Understand the market



Source: Bloomberg, 12/31/99, FactSet 3/31/00. Past performance is no guarantee of future results. It is not possible to invest directly in a market index.

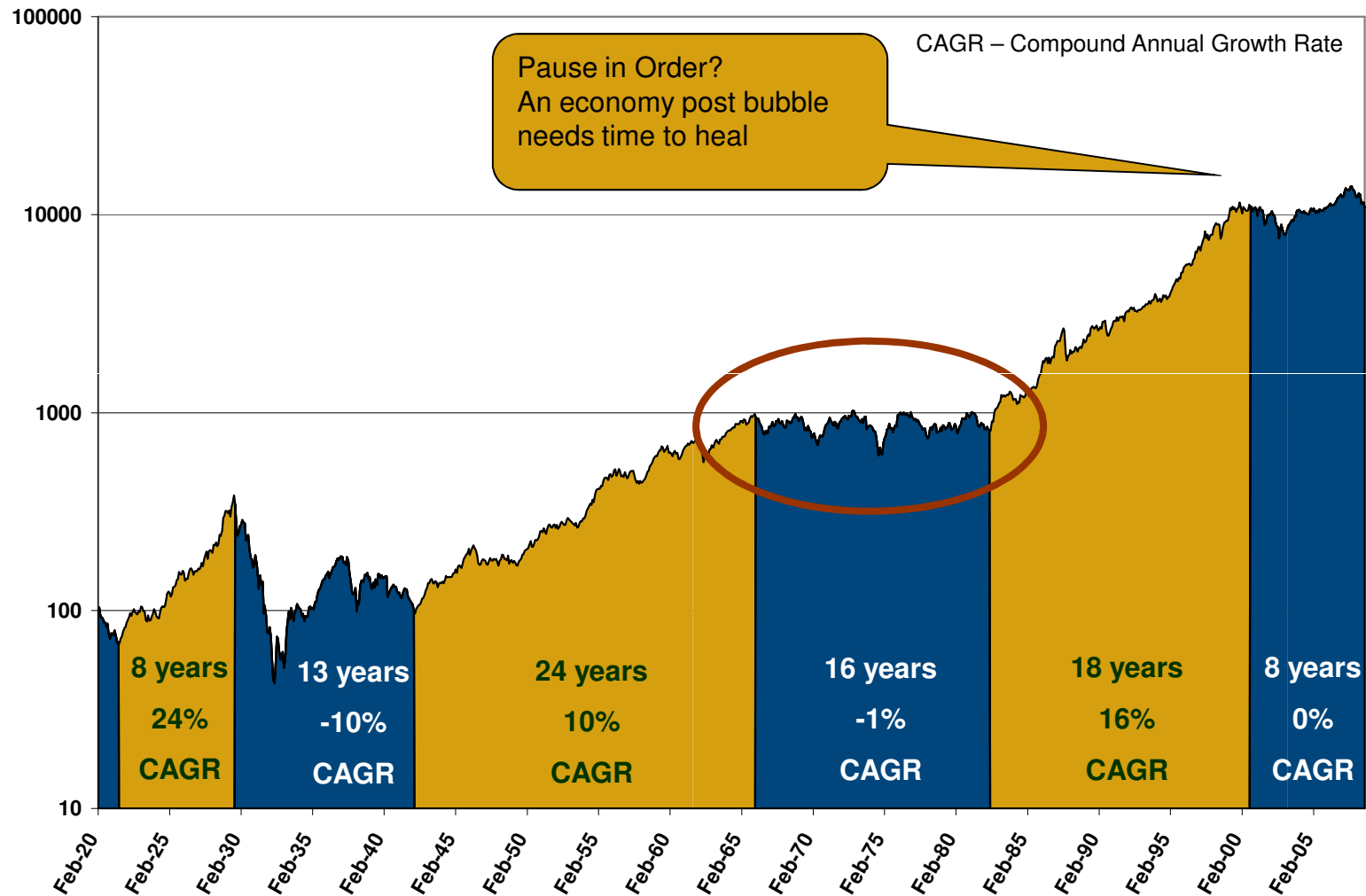
STOCK RETURNS AND THE IMPORTANCE OF TIME (1951 – 1993)

	<u>1 Yr.</u>	<u>5 Yr.</u>	<u>10 Yr.</u>	<u>25 Yr.</u>
Highest Annual % Return	51.3%	26.3%	17.7%	11.9%
Lowest Annual % Return	-28.3%	-0.2%	3.8%	6.7%
# Periods w/Negative Return	11	1	0	0
# Periods Outpacing Inflation	29	33	33	19
# Periods w/Best Return	20/43 (46%)	25/39 (64%)	26/34 (77%)	19/19 (100%)

Source: Risk is a Four Letter Word – by George Hartman

U.S. Equity Markets

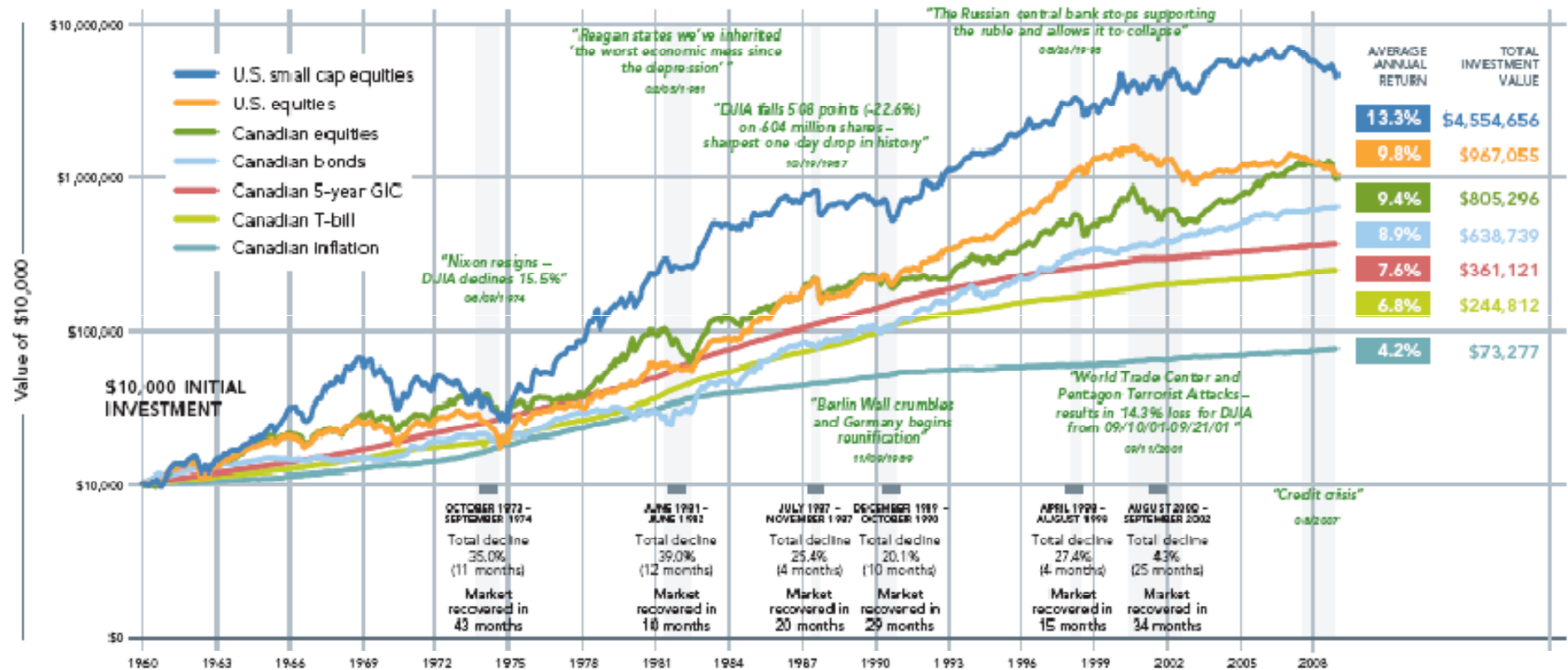
Markets Can Go Sideways for a While



Source: Bloomberg, Dundee Private Client Research

Focus on the big picture - Over four decades of returns examined

No matter which historical events have impacted markets in the past, over the long term, they have always bounced back and even surpassed their previous highs. Investors who stayed the course increased their wealth – and as you can see, the longer they stayed invested, the better.



The graph represents the hypothetical growth of a \$10,000 investment in three traditional asset classes, as well as inflation, over the period from January 1, 1960, through December 31, 2008. All returns are total returns in Canadian dollars as at December 31, 2008. The graph is for illustrative purposes only and does not represent future performance of any investment option. It is not possible to invest directly in an index.

Sources: Ibbotson Associates, Datastream, TSX Group., Bank of Canada, Department of Monetary and Financial Analysis, Fidelity Management & Research Company. Indices used: U.S. small cap equities: S&P 500 Index; U.S. equities: S&P 500 Index; Canadian equities: S&P/TSX Composite Index; Canadian bonds: DEX Long-term Canada Bond Index; Canadian 5-year GIC, chartered bank administered rates; Canadian T-Bills: DEX 91-day T-Bill Index; inflation: Canadian consumer price index.

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INVESTMENT PLANNING

Diversify your portfolio

1. Asset Class
2. Geographic regions
3. Sectors
4. Management style

PRIORITY PYRAMID

OTHER

HOME

**RRSPs & TFSAs
EDUCATION SAVINGS**

**EMERGENCY FUND
DEBT ELIMINATION**

**INSURANCES
WILL AND P.O.A.**

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T-BILLS RETURNS (1951 – 1953)

	1 Yr.	5 Yr.	10 Yr.	25 Yr.
Highest Annual % Return	19.1%	13.4%	11.3%	9.1%
Lowest Annual % Return	0.5%	1.1%	2.0%	3.6%
# Periods w/Negative Return	0	0	0	0
# Periods Outpacing Inflation	32	32	27	19
# Periods w/Best Return	10/43 (24%)	7/39 (15%)	3/34 (8%)	0/19 (0%)

Source: Risk is a Four Letter Word – by George Hartman

BOND RETURNS (1951 – 1953)

	1 Yr.	5 Yr.	10 Yr.	25 Yr.
Highest Annual % Return	45.87%	22.6%	17.2%	10.27%
Lowest Annual % Return	-5.8%	-1.6%	0.4%	2.7%
# Periods w/Negative Return	12	2	0	0
# Periods Outpacing Inflation	23	23	21	12
# Periods w/Best Return	13/43 (30%)	8/39 (21%)	5/34 (15%)	0/19 (0%)

Source: Risk is a Four Letter Word – by George Hartman