

Personal Financial Plan

Prepared for:

Will and Shannon Farley

156 Douglasbank Mews

Calgary, Alberta

T2N 2V3

Prepared by:

Mike Howe

Disclaimer

This document has been prepared to assist in the analysis of your current financial position, thereby helping to identify potential problem areas. Although great care has been taken to ensure the accuracy of all aspects of the document, it should be kept in mind that the various projections are based on numerous assumptions, and as such it is unlikely that the future will unfold exactly as illustrated. The investment and/or life insurance values projected within this plan should not be construed as a prediction or guarantee of future performance. This document is designed to help you chart the appropriate courses of action, and should be reviewed and revised regularly to ensure its timeliness and relevance to your changing financial position.

Personal Financial Plan

Date of Financial Analysis Oct 25, 2004
 Start of Financial Analysis Jan 1, 2005

Personal Information

Title	Mr. _____	Mrs. _____
First Name	<u>Will</u>	<u>Shannon</u>
Last Name	<u>Farley</u>	<u>Farley</u>
Date of Birth	<u>Mar 15, 1955</u>	<u>Sep 20, 1958</u>
Anticipated Retirement Age	<u>60</u>	<u>57</u>
Date of Retirement	<u>Mar 15, 2015</u>	<u>Sep 20, 2015</u>
Occupation	<u>Manager</u>	<u>Assistant</u>
Employer / Company	<u>Scotford Inc.</u>	<u>City of Calgary</u>
Address	<u>156 Douglasbank Mews</u>	
City	<u>Calgary</u>	
	<u>Alberta</u>	Postal Code <u>T2N 2V3</u>
Home phone #	<u>403 224 2244</u>	<u>403 224 2244</u>
Business phone #	<u>403 857 2343</u>	<u>403 299 2999</u>

Index Assumptions

	Rate	Interest	Dividends	Capital Gain	Realized Gains
Inflation	<u>3.00%</u>				
Cash	<u>4.00%</u>				
Bonds: Canadian	<u>6.00%</u>	<u>85.00%</u>		<u>15.00%</u>	<u>15.00%</u>
Bonds: Foreign	<u>7.00%</u>	<u>80.00%</u>		<u>20.00%</u>	<u>15.00%</u>
Equity: Canadian	<u>8.00%</u>		<u>10.00%</u>	<u>90.00%</u>	<u>10.00%</u>
Equity: Foreign	<u>9.00%</u>		<u>5.00%</u>	<u>95.00%</u>	<u>10.00%</u>
U.S. Equity	<u>9.00%</u>			<u>100.00%</u>	<u>5.00%</u>
Specialty	<u>9.00%</u>			<u>100.00%</u>	<u>5.00%</u>

Income Tax Assumptions

The first year tax calculations are based on the current CRA T1 schedule.

The tax calculations beyond the first year of the projections are based on the current CRA T1 schedule with the following assumptions:

- Tax brackets and other income thresholds are indexed at inflation
- CPP & OAS benefits are indexed at inflation minus 2.00% (when included)

Estate tax is calculated at second death (with no tax triggered on first death), at the top marginal rate of 39.00%

The growth in non-sheltered investments is compounded after-tax at the following assumed marginal tax rates:

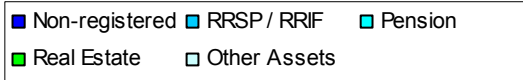
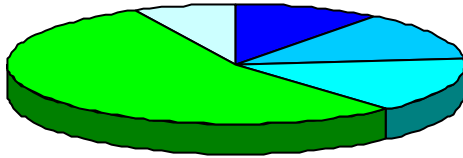
Will	<u>40.00%</u>
Shannon	<u>35.00%</u>
Joint-owned	_____

Net Worth Statement

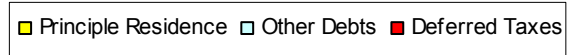
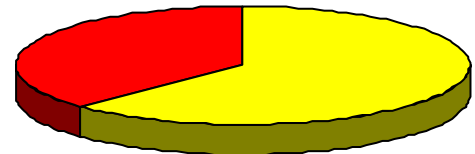
Current Plan Values

Prepared for Will and Shannon Farley

Total Assets - 816,127



Total Liabilities - 231,376



Assets

	Will	Shannon	Total
Investment Assets			
Non-registered	40,000	45,000	85,000
RRSP / RRIF	50,000	55,000	105,000
Pension Plans	126,127	0	126,127
Education & Trust Assets	7,500	7,500	15,000
Life & Disability Cash Values	0	0	0
Total Investment Assets	223,627	107,500	331,127
Real Estate			
Principal Residence	145,000	145,000	290,000
Recreational Property	75,000	75,000	150,000
Other Real Estate	0	0	0
Total Real Estate	220,000	220,000	440,000
Other Assets			
Business Interests	0	0	0
Personal Use Assets	22,500	22,500	45,000
Other Assets	0	0	0
Total Other Assets	22,500	22,500	45,000
Total Assets	466,127	350,000	816,127

Liabilities

Mortgages and Debts			
Principal Residence	72,595	72,595	145,190
Recreational property	0	0	0
Other Real Estate	0	0	0
Other Debts	0	0	0
Total Mortgages and Debts	72,595	72,595	145,190
Deferred Taxes			
Non-registered Investments	975	975	1,950
RRSP / RRIF & Pensions	43,286	21,450	64,736
Real Estate	9,750	9,750	19,500
Other Assets	0	0	0
Total Deferred Taxes	54,011	32,175	86,186
Total Liabilities	126,606	104,770	231,376
Net Worth			584,751

Risk Tolerance

Suggested portfolio allocation based on risk tolerance

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Prepared by: **Mike Howe**

Personal Risk Tolerance: Will Farley

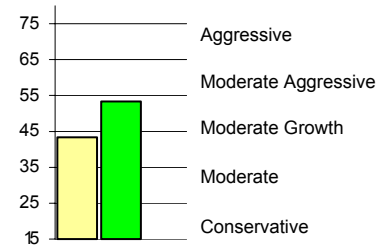
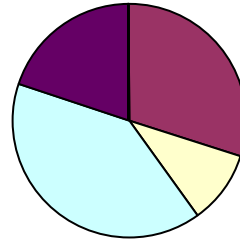
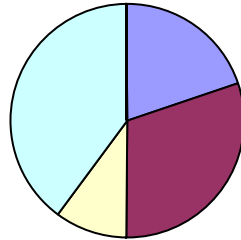
Suggested Asset Mix

(A) Non-registered

(B) Registered

Risk Tolerance
(A) (B)

- Cash & Equivalents
- Bonds: Canadian
- Bonds: Foreign
- Equity: Canadian
- Equity: Foreign
- U.S. Equity
- Specialty



	Cash & Equivalents	Bonds		Equity		U.S. Equity	Specialty
		Canadian	Foreign	Canadian	Foreign		
(A) Non-registered Allocation	20%	30%	10%	40%	0	0	0
(B) Registered Allocation	0	30%	10%	40%	20%	0	0

Personal Risk Tolerance: Shannon Farley

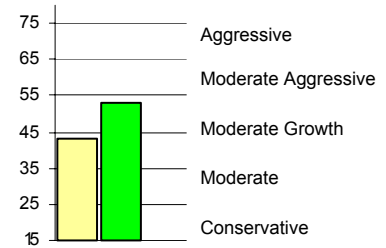
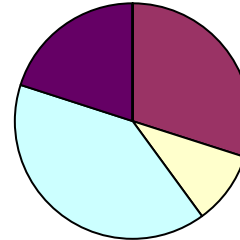
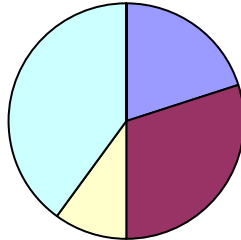
Suggested asset mix

(A) Non-registered

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Risk Tolerance
(A) (B)

- Cash & Equivalents
- Bonds: Canadian
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- Equity: Foreign
- U.S. Equity
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	Cash & Equivalents	Bonds		Equity		U.S. Equity	Specialty
		Canadian	Foreign	Canadian	Foreign		
(A) Non-registered Allocation	20%	30%	10%	40%	0	0	0
(B) Registered Allocation	0	30%	10%	40%	20%	0	0

Model Portfolios

Non-registered

	Cash & Equivalents	Bonds		Equity		U.S. Equity	Specialty
		Canadian	Foreign	Canadian	Foreign		
Conservative	60%	20%		20%			
Moderate	20%	30%	10%	40%			
Moderate Growth		30%	10%	40%	20%		
Moderate Aggressive		10%	10%	50%	20%	5%	5%
Aggressive				60%	30%	5%	5%

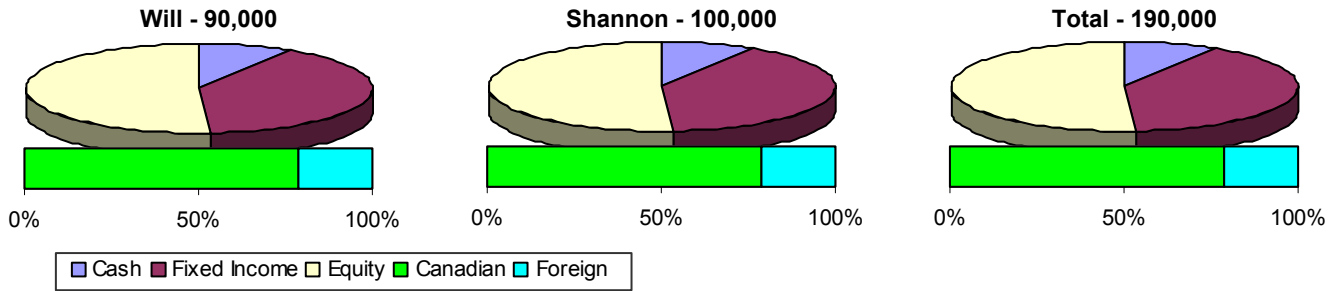
Registered

Conservative	60%	20%		20%			
Moderate	20%	30%	10%	40%			
Moderate Growth		30%	10%	40%	20%		
Moderate Aggressive		10%	10%	60%	10%	5%	5%
Aggressive				70%	20%	5%	5%

Investment Summary

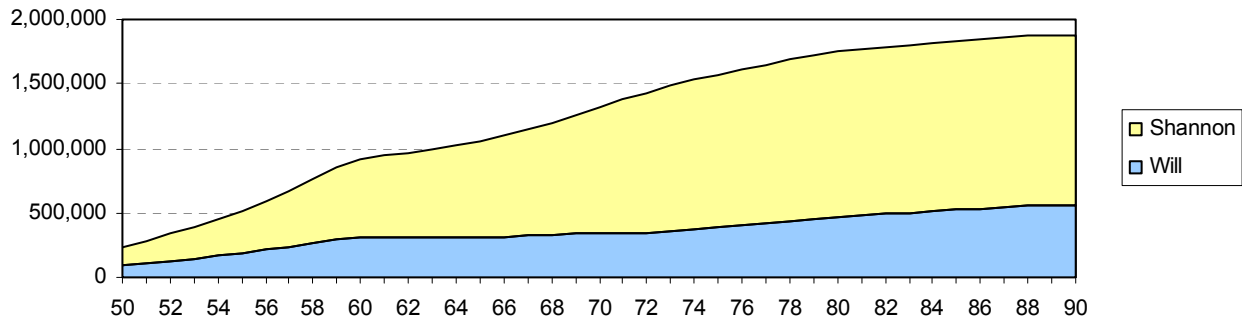
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Investment Allocation



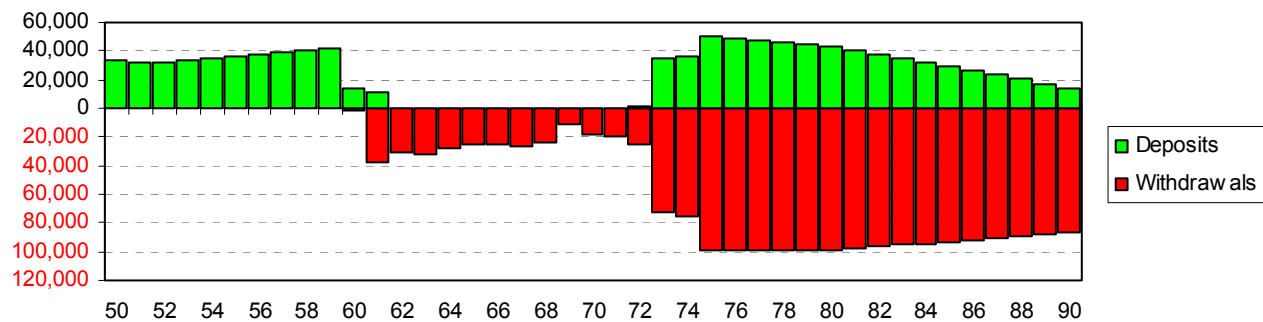
Diversification is an important element in any investment strategy, as it can help to reduce exposure to risk. It must be kept in mind however, that there are different kinds of risk. Market risk or volatility is not the only kind of risk. There is also the risk of declining interest rates as well as the potential for erosion of purchasing power due to inflation.

Investment Balance



The key to maximizing the growth of your investment portfolios is to strike the right balance between using tax efficient investments to your advantage and maintaining the right asset allocation relevant to your risk profile, accumulation requirements, and life cycle. The graphs offer an overview of how your position is likely to develop in the future based on your present investment strategy, including your current asset mix and plans for saving and investing.

Investment Deposits / Withdrawals



Investment Summary

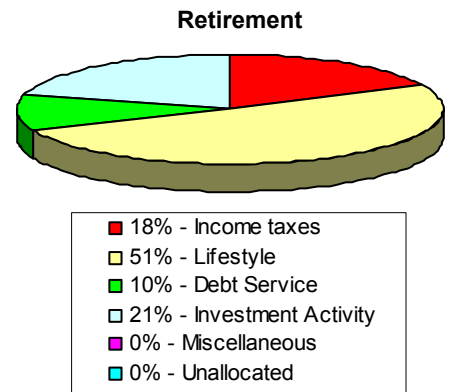
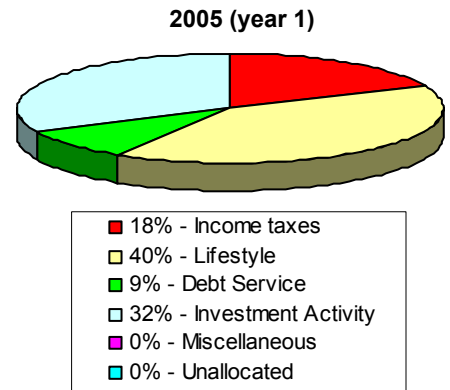
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Year	Age	Will	Shannon	Combined Total	RRSP & RRIF		Non-registered	
					Annual Deposits	Annual Withdrawals	Annual Deposits	Annual Withdrawals
1	50	96,653	138,659	235,312	32,938	0	0	0
2	51	112,538	171,259	283,796	27,762	0	4,951	0
3	52	129,054	205,778	334,832	21,321	0	10,370	0
4	53	147,154	243,633	390,786	21,961	0	11,033	0
5	54	166,921	285,067	451,989	22,619	0	11,729	0
6	55	188,465	330,353	518,819	23,298	0	12,454	0
7	56	211,911	379,789	591,700	23,997	0	13,206	0
8	57	237,397	433,695	671,093	24,717	0	13,984	0
9	58	265,075	492,422	757,498	25,458	0	14,790	0
10	59	295,108	556,343	851,451	26,222	0	15,623	0
11	60	311,736	603,379	915,114	13,652	0	0	1,392
12	61	307,573	632,977	940,550	10,831	0	0	38,154
13	62	307,026	657,777	964,803	0	0	0	30,906
14	63	306,388	684,113	990,502	78	0	0	31,540
15	64	308,119	714,004	1,022,123	405	0	0	28,243
16	65	312,282	747,489	1,059,770	243	0	0	24,677
17	66	316,695	783,058	1,099,753	180	0	0	25,025
18	67	320,626	820,306	1,140,932	226	0	0	26,712
19	68	326,882	861,434	1,188,315	91	0	0	23,581
20	69	340,886	910,714	1,251,600	90	0	0	11,729
21	70	344,818	966,092	1,310,909	12	15,861	0	1,834
22	71	347,459	1,024,759	1,372,218	6	16,892	0	2,648
23	72	343,009	1,090,445	1,433,454	1,990	25,226	0	0
24	73	353,826	1,129,183	1,483,009	0	71,872	35,512	0
25	74	365,223	1,167,014	1,532,237	0	74,900	36,223	0
26	75	383,189	1,188,867	1,572,057	0	99,405	50,566	0
27	76	401,042	1,210,472	1,611,514	0	99,408	49,162	0
28	77	418,785	1,231,752	1,650,536	0	99,369	47,669	0
29	78	436,355	1,252,638	1,688,993	0	99,339	46,081	0
30	79	453,741	1,273,029	1,726,769	0	99,390	44,493	0
31	80	466,943	1,281,029	1,747,972	0	99,304	42,746	0
32	81	479,543	1,288,178	1,767,722	0	98,039	40,211	0
33	82	491,697	1,294,771	1,786,468	0	96,791	37,586	0
34	83	503,331	1,300,731	1,804,062	0	95,577	34,927	0
35	84	514,406	1,305,996	1,820,402	0	94,325	32,182	0
36	85	524,866	1,310,531	1,835,397	0	93,024	29,339	0
37	86	534,690	1,314,219	1,848,909	0	91,801	26,479	0
38	87	543,819	1,317,026	1,860,846	0	90,528	23,516	0
39	88	552,166	1,318,864	1,871,031	0	89,246	20,413	0
40	89	559,679	1,319,653	1,879,332	0	87,947	17,211	0
41	90	565,431	1,317,711	1,883,143	0	86,634	13,824	0

Cash Flow Summary

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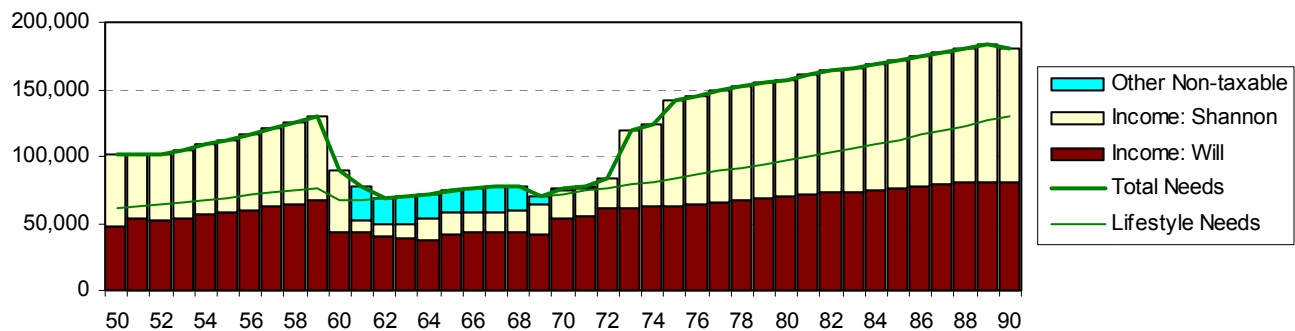
Sources of Income	2005 (year 1)	Retirement
Employment Income	115,000	62,716
Pensions & Government Benefits	0	32,333
RRSP / RRIF Withdrawals	0	0
Investment Income	8,575	14,864
Non-registered Principal & Other Income	0	0
Total Income	123,575	109,913
After-tax Income		
Income Tax	17,425	15,659
CPP / EI Premiums	5,301	3,956
OAS Clawback	0	0
Net After-tax	100,850	90,297
Disposable Income		
Reinvested Investment Income	6,511	9,249
Debt Service	11,400	11,400
Lifestyle Needs	50,000	55,997
Available for Investment	32,938	13,652
Investment Savings		
RRSP Contributions	32,938	13,652
Pension Contributions	0	0
Non-registered Savings	0	0
Annual Savings	32,938	13,652
Miscellaneous		
Real Estate	0	0
Life / Disability Insurance	0	0
Other Assets, Debts & Caring Charges	0	0
Unallocated Surplus (Shortfall)	0	0



Investing excess income in the earning years helps ensure that there is sufficient capital to provide for a secure retirement. To correct a projected shortfall in the retirement years, you can invest more during the earning years, invest more efficiently, plan on working longer, or reduce your expectations for retirement income.

The chart above compares your total income from all sources to your needs including income taxes, lifestyle and investment savings. The graph below compares your future projected lifestyle needs and investment activity to your after-tax income from all sources.

Projected Cash Flow

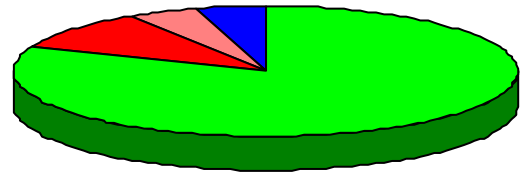


Income Tax Summary

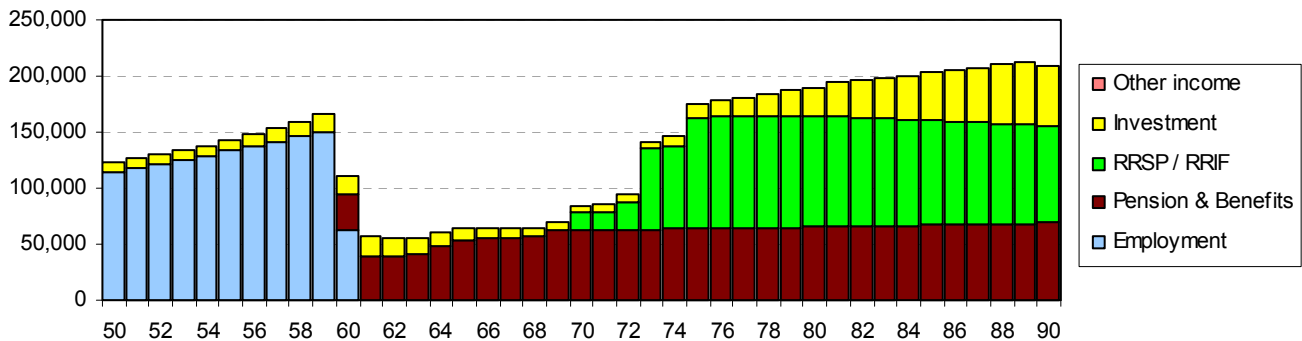
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Income Tax: 2005 (year 1)

	Total	Will	Shannon
After-tax Income Received	97,994	74.1%	88.8%
Federal Tax	12,066	14.9%	4.8%
OAS Clawback	0	0.0%	0.0%
Provincial Tax	5,358	6.8%	1.9%
CPP / EI Premium	5,301	4.2%	4.6%
Taxable Income Received	120,720		



Projected Income : Total

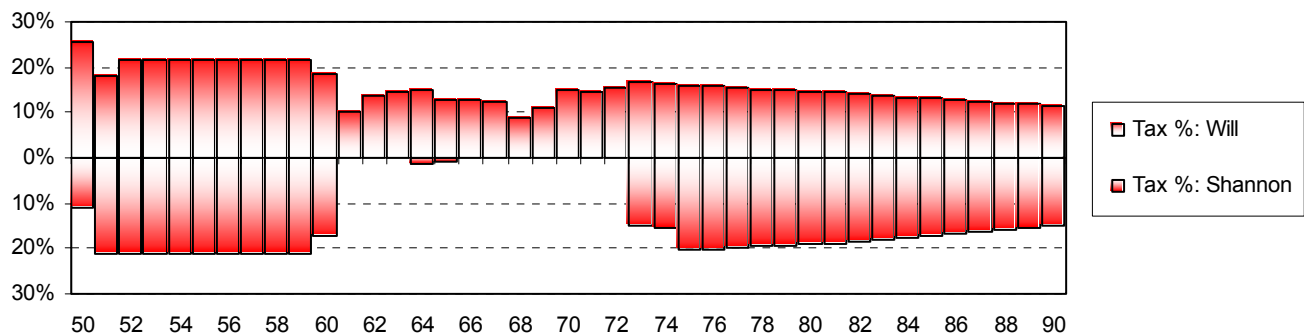


One of the keys to a successful financial plan is to minimize the burden of income taxes by arranging your affairs in order to pay the minimum tax required by law.

One of the most effective ways to increase disposable income is to reduce tax by taking full advantage of lower tax brackets. While we don't know for sure what will happen to tax brackets in the future, the advantages provided by the various tax planning strategies available to you are most effective when planned and implemented at the earliest possible stage.

The chart at the top of the page compares total income received from all sources (including non-taxable amounts) to the percentage paid to the various taxes and government programs. The graph above illustrates your future projected pre-tax income from all sources while the graph below illustrates annual taxes payable as a percentage of your total income.

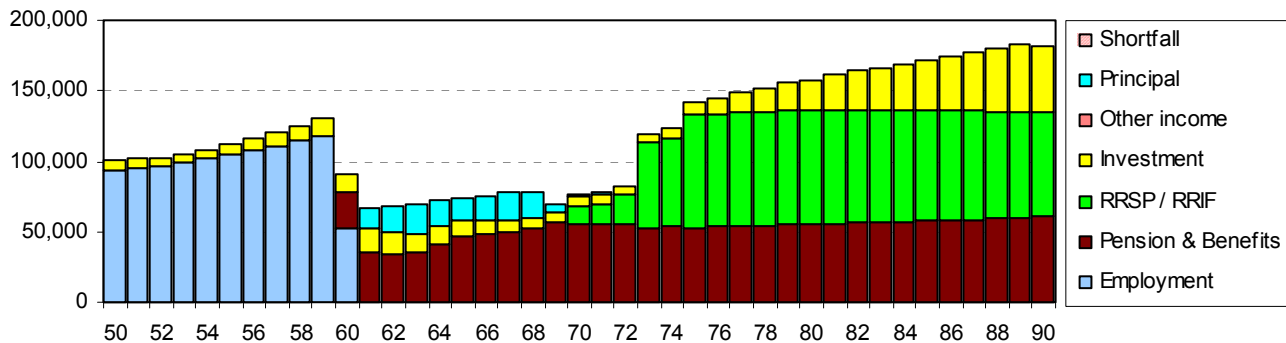
Tax as a Percentage of Total Income



Retirement Income Summary

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Income Needs



Retirement capital needs planning is the process of calculating the fixed after-tax income you expect to receive in retirement from sources such as pensions and government benefits, then comparing it to your retirement lifestyle goals. The difference is the amount that you must provide from investments such as RRSPs and other non-registered savings. Having done this you can then calculate the total capital that will be necessary based on different asset allocations and return assumptions.

The graph above compares your future after-tax income from all sources to your lifestyle goals, any projected shortfall indicates a need for additional planning.

	Investment Assets		Lifestyle Goal		Investment Savings		
Available Capital	851,451						
Lifestyle Goal			67,397				
Current Savings					32,938		
	Weighted Return*	Required Capital	Excess (Shortfall)	Attainable Lifestyle	Excess (Shortfall)	Required Savings	Excess (Shortfall)
Conservative	5.20%	554,999	296,452	79,018	11,622	16,964	15,974
Moderate	7.50%	407,851	443,599	89,715	22,319	3,318	29,621
Aggressive	8.40%	365,866	485,584	94,222	26,825	-652	33,590

* The Weighted Return is for illustration purposes only, it is NOT intended as an estimate or guarantee of future performance.

With any retirement planning analysis, if there is an indication that you may not be able to meet your goals, there are generally only three courses of action you can take.

First you can choose to do nothing, this will ultimately force you to reduce your need for income in the future by working longer or spending less resulting in a lowering of planned lifestyle.

Second you can save more now, this will have an impact on your current standard of living forcing you to reduce what you are now spending on such things as entertainment, vacations and other discretionary items.

Third you can better manage your resources, this requires developing strategies for investment and taxes to maximize the future growth of your assets so you will have the capital necessary at your planned retirement date to provide you with the lifestyle you want.

Retirement Income Summary

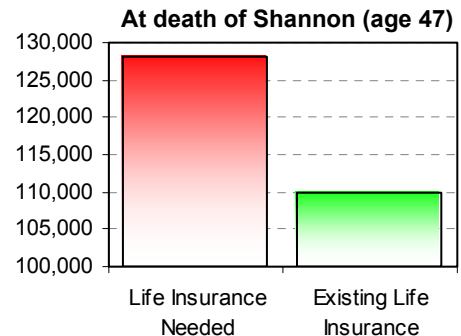
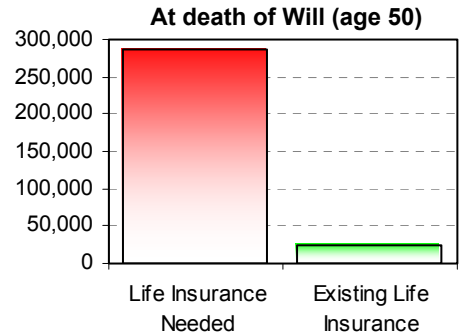
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Year	Age	Employment Pension & Other Income	Government Benefits	Investment Income/ Withdrawals	RRSP & RRIF Withdrawals	Income Tax Payable	Lifestyle Needs	Excess (Deficiency)
1	50	115,000	0	2,064	0	22,726	61,400	32,938
2	51	118,450	0	1,996	0	24,834	62,900	32,712
3	52	122,004	0	1,953	0	27,821	64,445	31,691
4	53	125,664	0	2,089	0	28,722	66,036	32,994
5	54	129,434	0	2,311	0	29,720	67,675	34,349
6	55	133,317	0	2,591	0	30,792	69,364	35,752
7	56	137,316	0	2,914	0	31,925	71,103	37,203
8	57	141,435	0	3,275	0	33,116	72,894	38,701
9	58	145,679	0	3,672	0	34,364	74,739	40,248
10	59	150,049	0	4,104	0	35,669	76,639	41,845
11	60	89,383	5,666	5,615	0	19,615	67,397	13,652
12	61	32,000	7,630	42,744	0	4,773	66,769	10,831
13	62	32,000	7,706	34,958	0	6,234	68,430	0
14	63	32,000	9,729	35,156	0	6,665	70,141	78
15	64	32,000	15,723	31,477	0	6,891	71,904	405
16	65	32,000	20,712	27,593	0	6,343	73,719	243
17	66	32,000	22,546	27,632	0	6,409	75,588	180
18	67	32,000	22,771	28,976	0	6,007	77,514	226
19	68	32,000	24,659	25,516	0	4,281	77,803	91
20	69	32,000	29,934	13,481	0	5,184	70,140	90
21	70	32,000	30,233	3,650	15,861	9,488	72,244	12
22	71	32,000	30,535	4,358	16,892	9,368	74,412	6
23	72	32,000	30,841	1,728	25,226	11,153	76,644	1,997
24	73	32,000	31,149	2,012	71,872	22,577	78,943	35,513
25	74	32,000	31,461	2,613	74,900	23,439	81,312	36,224
26	75	32,000	31,775	3,362	99,405	32,224	83,751	50,567
27	76	32,000	32,093	4,260	99,408	32,334	86,264	49,163
28	77	32,000	32,414	5,185	99,369	32,446	88,852	47,670
29	78	32,000	32,738	6,130	99,339	32,607	91,517	46,082
30	79	32,000	33,065	7,091	99,390	32,790	94,263	44,494
31	80	32,000	33,396	7,878	99,304	32,740	97,090	42,747
32	81	32,000	33,730	9,316	98,039	32,871	100,003	40,212
33	82	32,000	34,067	10,146	96,791	32,414	103,003	37,588
34	83	32,000	34,408	11,036	95,577	31,999	106,093	34,929
35	84	32,000	34,752	11,954	94,325	31,572	109,276	32,183
36	85	32,000	35,100	12,882	93,024	31,111	112,554	29,340
37	86	32,000	35,451	13,812	91,801	30,653	115,931	26,480
38	87	32,000	35,805	14,738	90,528	30,145	119,409	23,517
39	88	32,000	36,163	15,657	89,246	29,661	122,991	20,414
40	89	32,000	36,525	16,566	87,947	29,145	126,681	17,212
41	90	32,000	36,890	16,927	86,634	28,144	130,482	13,826

Survivor Income Summary

Prepared for Will and Shannon Farley

Survivor Needs at Death* of...	Will*	Shannon*
Income Needs		
Total Needs	37,500	37,500
Average Rate of Return	7.12%	7.12%
NPV of Income Deficiency	368,553	147,906
Lump-sum Needs		
Final Expenses	25,000	25,000
Bequests	0	0
Debts and Taxes	145,190	145,190
Total Lump-sum Needs	170,190	170,190
Income Producing Assets		
Non-registered	85,000	85,000
RRSP / RRIF	105,000	105,000
Locked-in and Pension Plans	63,063	0
Real Estate and Other Assets	0	0
Total Available Capital	253,063	190,000
Life Insurance Benefits		
Group / Debt Life Insurance	25,000	110,000
Individual Life Insurance	0	0
Total Life Insurance Benefits	25,000	110,000
Additional Life Insurance Required	260,679	18,096



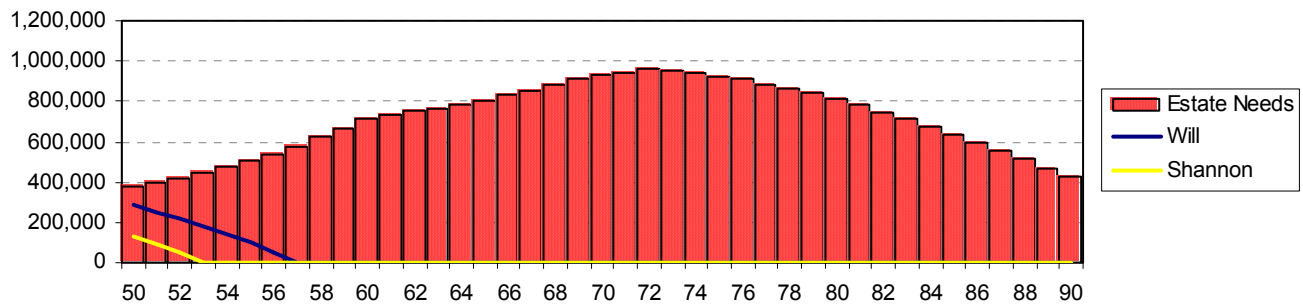
*(Assumes death occurs during 2005 (year 1))

With any survivor needs analysis, if there is an indication that you may not be able to maintain your standard of living, there are generally only two courses of action you can take in the event your spouse predeceases you.

First you can choose to do nothing. This will force you to either accept a lower standard of living or to earn additional income in order to maintain the sort of lifestyle you enjoyed while your spouse was still alive.

Second, you can arrange for a lump sum of capital to be invested to generate the same level of income your spouse earned. The best way to provide this capital is with life insurance. Life insurance can also be used to ensure that the full value of accumulated assets are transferred to your intended heirs. The tax-free capital can be paid to either the estate to offset expenses and taxes, or directly to named beneficiaries avoiding probate fees.

Future Projected Need for Life Insurance



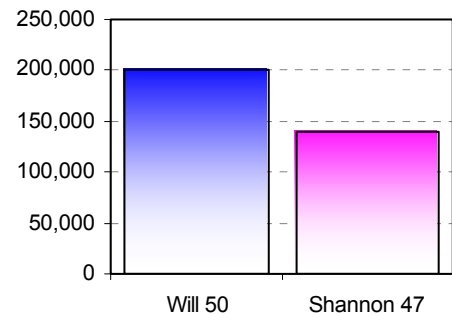
Disability Needs Summary

Prepared for Will and Shannon Farley

Critical Illness

	Will	Shannon
Initial Lump-sum Needs*		
Alternative Medical and Lodging	40,000	0
Capital Changes to Residence	0	0
Debt Elimination	140,161	140,161
Miscellaneous Needs	20,000	0
Total Lump-sum Needs	200,161	140,161
Available Capital*		
Liquidated Real Estate	0	0
Critical Illness Insurance Benefits	0	0
Total Available Capital	0	0
Additional Insurance Required	200,161	140,161

Critical Illness Insurance Needs



*Assumes disability occurs in 2005 (year 1)

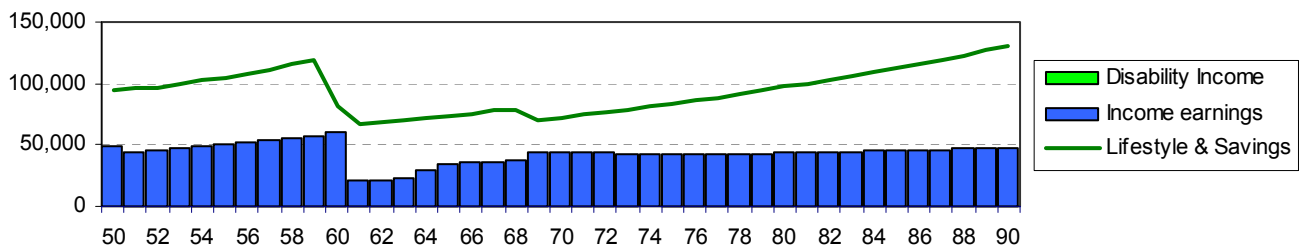
When developing a financial plan an assumption is made that your ability to earn income will continue for a specified period of time and a portion of that income will be used to meet lifestyle needs and a portion will be invested for the future. In the event of a disability however, assumptions around your income are no longer valid and the resulting changes can seriously affect your ability to maintain your plans. A reduction to your income for even a year or two can put off your planned retirement age for a number of years and/or force you to lower your income goals.

This analysis examines the financial implications a disability will have on your plans for the future. The projections take into account your changing need for income as they appear on the accompanying documents.

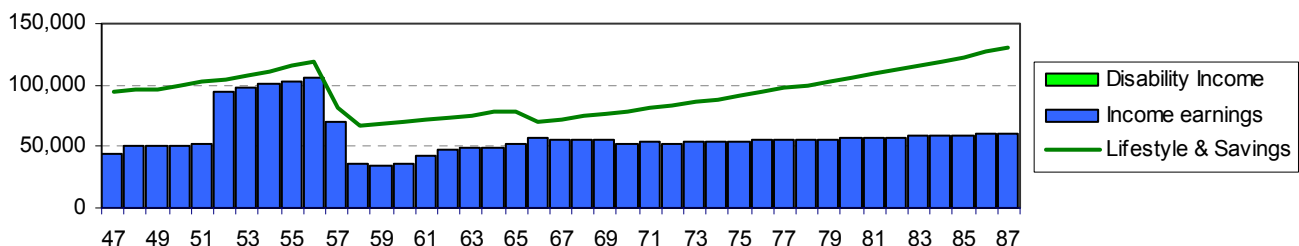
The chart above examines your financial situation if you were to become disabled in the future. The initial lump-sum needs represent the amounts you may require in the event of a critical illness. The graph below illustrates your future projected after-tax income compared to your lifestyle and saving needs. Any deficiencies prior to retirement indicate a need for additional planning.

Income Replacement

Income needs assuming total disability of Will for life starting at age 50



Income needs assuming total disability of Shannon for 5 years starting at age 47

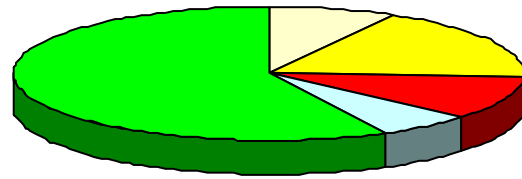


Estate Summary

Prepared for Will and Shannon Farley

Distribution of Estate Assets*

Estate Adjustments	65,136	7.98%
Debts	145,190	17.79%
Deferred Taxes	86,186	10.56%
Probate & Legal Fees	400	0.05%
Other Needs	50,000	6.13%
Estate Worth (Heirs)	469,214	57.49%

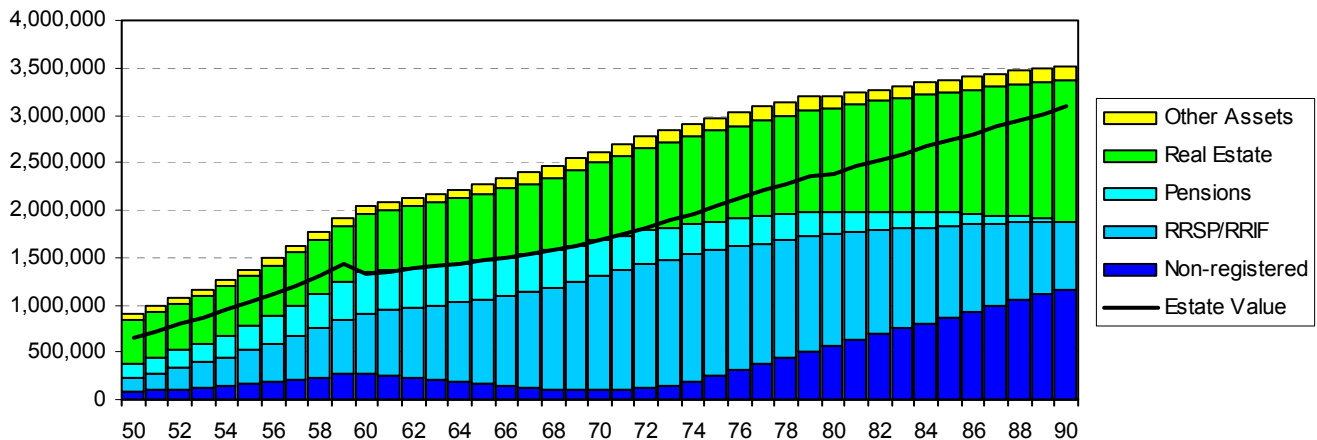


*(Current position based on information provided)

When assessing your estate capital needs many things must be taken into consideration. Debts, deferred taxes and probate fees are the main expenses associated with planning the disposition of your estate. Other considerations include final expenses such as funeral cost and the difference between the value you place on assets such as pensions and annuities while living and the amount that will be paid to your estate.

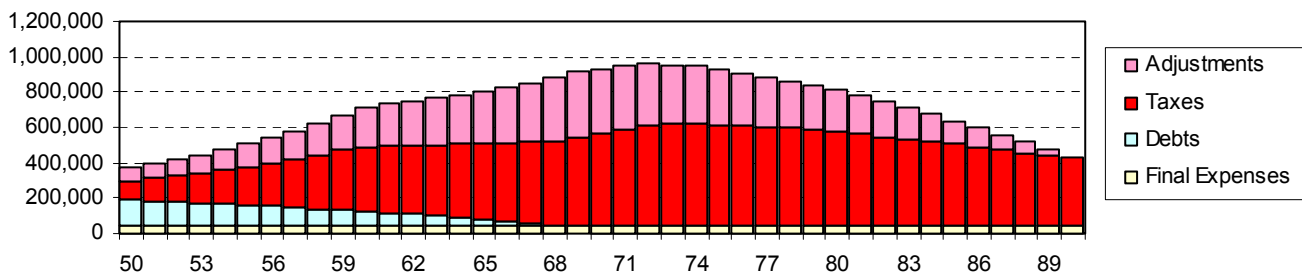
The chart above illustrates the percentage of your total assets that will be payable to your heirs and the percentage that may be needed for other costs and expenses. The chart below projects the value of your assets and any expenses and adjustments.

Projected Value of Assets



Although you cannot avoid ultimately paying the deferred taxes on assets such as RRSPs and capital property, there are a number of planning strategies that can be used to offset or reduce these and other costs, while still meeting your retirement and income goals. The chart below projects your future anticipated estate costs.

Estate Cost (Percentage of Assets*)



*(Principal Residence and Personal Use Assets have not been included when calculating erosion %)