

# Personal Financial Plan

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Prepared for:

**Pete and Carrie Mitchell**

918 Richmond Street

Toronto, Ontario

M5N 1V5

Prepared by:

## **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 Details

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Date of Financial Analysis Jan 1, 2006  
 Start of Financial Analysis Jan 1, 2006  
 Plan Notes \_\_\_\_\_

Annual Review Date: \_\_\_\_\_

|                            |                     |                       |
|----------------------------|---------------------|-----------------------|
| Title                      | <u>Mr.</u>          | <u>Mrs.</u>           |
| First Name                 | <u>Pete</u>         | <u>Carrie</u>         |
| Middle Name                | _____               | _____                 |
| Last Name                  | <u>Mitchell</u>     | <u>Mitchell</u>       |
| SIN                        | <u>123-456-789</u>  | <u>987-654-321</u>    |
| Date of Birth              | <u>Nov 24, 1960</u> | <u>Mar 30, 1962</u>   |
| Anticipated Retirement Age | <u>60</u>           | <u>58</u>             |
| Date of Retirement         | <u>Nov 24, 2020</u> | <u>Mar 29, 2020</u>   |
| Occupation                 | <u>Pilot</u>        | <u>Teacher</u>        |
| Employer / Company         | <u>RareAir</u>      | <u>MacDonald H.S.</u> |

Address 918 Richmond Street

City Toronto  
Ontario Postal Code M5N 1V5

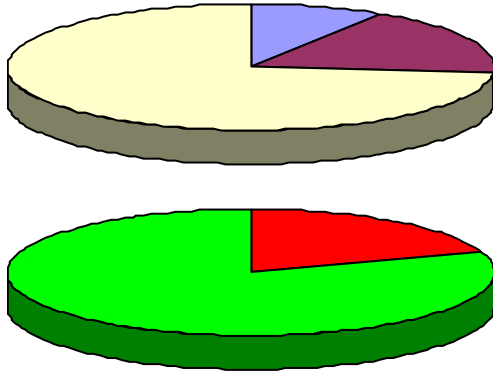
|                  |                     |                     |
|------------------|---------------------|---------------------|
| Home phone #     | <u>416 784 1456</u> | <u>416 784 1456</u> |
| Business phone # | _____               | _____               |
| Business fax #   | _____               | _____               |
| Mobile phone #   | _____               | _____               |

E-mail mittchells@hotmail.com  
 Web Page \_\_\_\_\_

| Dependants  | Date of Birth       | Relationship    |
|-------------|---------------------|-----------------|
| <u>Jane</u> | <u>May 15, 1995</u> | <u>Daughter</u> |
| <u>Tony</u> | <u>Jan 25, 1997</u> | <u>Son</u>      |
| _____       | _____               | _____           |
| _____       | _____               | _____           |
| _____       | _____               | _____           |
| _____       | _____               | _____           |

# Financial Situation

## Net Worth



## Assets

|                            |                |
|----------------------------|----------------|
| Non-registered investments | 55,000         |
| RRSPs / Pensions           | 106,204        |
| Real estate / Other assets | 450,000        |
| <b>Total Assets</b>        | <b>611,204</b> |

## Liabilities

|                              |                |
|------------------------------|----------------|
| Principal residence mortgage | 105,000        |
| Other debts                  | 15,000         |
| <b>Total Liabilities</b>     | <b>120,000</b> |
| <b>Net Worth</b>             | <b>491,204</b> |

## Sources of Income / Lifestyle Needs

Employment income  
Pensions & Government benefits  
RRSP / RRIF  
Investment income  
Other income

### Total Income

Tax & Government programs

### After-tax income

Combined after-tax income  
Debt service  
Lifestyle needs  
Disposable income

## Pete

|               |
|---------------|
| 75,000        |
| 2,572         |
| <b>77,572</b> |
| 16,418        |
| <b>61,154</b> |

## Carrie

|               |
|---------------|
| 45,000        |
| 1,070         |
| <b>46,070</b> |
| 10,394        |
| <b>35,675</b> |

|               |
|---------------|
| 96,830        |
| 15,600        |
| 58,000        |
| <b>23,230</b> |

## Retirement Objectives

Lifestyle needs in today's \$  
  
Government benefits: CPP  
Government benefits: OAS

|             |
|-------------|
| 50,000      |
| <b>Pete</b> |
| Include CPP |
| Include OAS |

|                |
|----------------|
| Plan to age 90 |
| <b>Carrie</b>  |
| Include CPP    |
| Include OAS    |

## Estate Planning

Survivor income needs  
Provide income to age  
Final expenses / Bequests  
Group life insurance  
Other life insurance

|             |
|-------------|
| <b>Pete</b> |
| 43,500      |
| 90          |
| 25,000      |
| 225,000     |

|               |
|---------------|
| <b>Carrie</b> |
| 43,500        |
| 90            |
| 25,000        |
| 150,000       |

# Priorities and Other Information

## Risk Profile

Non-registered investments  
 Registered investments  
 Investment knowledge

## Pete

Moderate growth  
 Moderate Aggressive  
 Fair

## Carrie

Moderate growth  
 Moderate Aggressive  
 Fair

## Suggested Allocation

Cash  
 Bonds: Canadian  
 Bonds: Foreign  
 Equity: Canadian  
 Equity: Foreign  
 U.S. Equity  
 Specialty

|                  | Non-reg. | Registered | Non-reg. | Registered |
|------------------|----------|------------|----------|------------|
| Cash             | 0.00%    | 0.00%      | 0.00%    | 0.00%      |
| Bonds: Canadian  | 30.00%   | 10.00%     | 30.00%   | 10.00%     |
| Bonds: Foreign   | 10.00%   | 10.00%     | 10.00%   | 10.00%     |
| Equity: Canadian | 40.00%   | 60.00%     | 40.00%   | 60.00%     |
| Equity: Foreign  | 20.00%   | 10.00%     | 20.00%   | 10.00%     |
| U.S. Equity      | 0.00%    | 5.00%      | 0.00%    | 5.00%      |
| Specialty        | 0.00%    | 5.00%      | 0.00%    | 5.00%      |

## Areas of Concern

Will and trust planning No  
 Estate planning No  
 Charitable giving No  
 Dependant survivor income needs No  
 Investment allocation / Risk No  
 Retirement income planning No

Education planning (RESP) No  
 Income splitting / tax planning No  
 Major purchases No  
 Debt elimination / management No  
 Life insurance needs No  
 Disability / critical illness insurance No

## Professional Advisors

### Name & Address

### Phone Number

|                                 |       |       |
|---------------------------------|-------|-------|
| Lawyer                          | _____ | _____ |
| Accountant                      | _____ | _____ |
| Investment advisor              | _____ | _____ |
| Life insurance agent            | _____ | _____ |
| Disability / CI insurance agent | _____ | _____ |
| Property insurance agent        | _____ | _____ |
| Bank manager                    | _____ | _____ |
| Trust officer                   | _____ | _____ |
| Executor                        | _____ | _____ |

## Documents Provided for Review

Will and trust documents No  
 Power of Attorney for Personal Care No  
 Power of attorney for Property No  
 Last years tax return No  
 Current tax assessment No  
 Other documents:

Investment / RRSP statements No  
 Pension statements No  
 Mortgage / Loan documents No  
 Insurance policies No  
 Corporate financial statements No

# Assumptions

## 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 46.41%

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

|             |        |
|-------------|--------|
| Pete        | 45.00% |
| Carrie      | 45.00% |
| Joint-owned | _____  |

## Index Assumptions

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

## Portfolio Turnover

|             | Non-registered | RRSP / RRIF |       | LRSP / MPP |       |
|-------------|----------------|-------------|-------|------------|-------|
|             |                | Can.        | For.  | Can.       | For.  |
| Pete        | 10.00%         | 25.00%      | 5.00% | 25.00%     | 5.00% |
| Carrie      | 10.00%         | 25.00%      | 5.00% | _____      | _____ |
| Joint-owned | _____          | _____       | _____ | _____      | _____ |

The projected returns for the various investment portfolios are calculated based on each year's asset allocation and the assumed return for each asset class. All index rates shown, including the rates of portfolio turnover, are the rates used in the first year of the projections. The assumed rates used beyond the first year may be different. Refer to the Return Assumptions documents for complete details.

## Investment savings

|             | Non-registered     | RRSP / RRIF       |       | LRSP / MPP       |
|-------------|--------------------|-------------------|-------|------------------|
| Pete        | Monthly, First Day | Annual, First Day | _____ | Annual, Last Day |
| Carrie      | Monthly, Last Day  | Annual, First Day | _____ | _____            |
| Joint-owned | _____              | _____             | _____ | _____            |

## Investment withdrawals

|             | Non-registered    | RRSP / RRIF       |       | LRSP / MPP        |
|-------------|-------------------|-------------------|-------|-------------------|
| Pete        | Annual, First Day | Annual, First Day | _____ | Annual, First Day |
| Carrie      | Annual, First Day | Annual, First Day | _____ | _____             |
| Joint-owned | _____             | _____             | _____ | _____             |

Note: The assumed frequency and timing of all investment activity is material to projected results.

## Goals & Objectives

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It's important that general financial objectives be broken down into specific, measurable, realistic and time-bound goals. Based on the information you provided, the following is a prioritized list of your individual goals:

- Provide for our children's education.
- Arrange our finances in such a way as to minimize income tax.
- Guarantee each other's financial security in the event of the other's death.
- Retire when Pete reaches 60 years of age.
- Accumulate sufficient assets for up to 30 years of retirement.
- Minimize taxes to our estate.
- Ensure that the cottage is kept within the family.

## Potential Problems and/or Opportunities

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Having analyzed your current financial situation and your stated goals, needs and priorities, the following problems and/or opportunities have been identified.

- Your current investment strategy and level of savings will probably not be sufficient to accumulate the assets necessary for you to be able to maintain your desired standard of living in retirement.
- You are paying more income tax in the higher tax brackets than you might otherwise have to, by not taking advantage of available income splitting strategies.
- You do not have sufficient life insurance to guarantee that either one of you would be able to maintain the desired standard of living in the event of the other's death.
- If Pete were to suffer a long term or permanent disability, you would have to significantly reduce your standard of living and possibly have to liquidate assets. This would in turn compromise your retirement income goals.

## Recommendations and Strategies

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This personal financial plan has been developed to offer suggestions as to how you might achieve your stated goals based on your current situation, needs, and priorities. Those recommendations are outlined below.

It's important that you understand the advantages, disadvantages, costs, risks and time sensitivity associated with each of the strategies outlined. It's also important that you realize the consequences of not taking action. Don't hesitate to ask should you have any questions.

- Change your asset allocation strategy to one that is more consistent with your risk profile, for all of your investment portfolios.
- Adopt a buy and hold strategy to maximize tax savings in non-registered investments.
- Maximize RRSP contributions, making annual deposits at the beginning of each year. Pete's contributions should be made to a spousal plan to take advantage of the income splitting opportunity in retirement.
- Carrie should do the non-registered investing so as to take advantage of the room projected to be available in the lower tax bracket.
- Invest all excess cashflow until retirement.
- Draw enough income from Carrie's RRSP in the early years of retirement to take full advantage of the bottom tax bracket.
- Access non-registered investments to supplement retirement income, before drawing on Pete's RRSPs.

## Implementation and Monitoring

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Once you've approved of the recommendations presented in this document, it's necessary to establish both how and when they'll be implemented. It's also important to decide on how often the financial plan should be reviewed, and what benchmarks will be used to measure success.

- Transfer RRSPs to new allocation.
- Maximize deposits to RRSPs by using non-registered savings.
- Move balance of non-registered to new allocation.
- Transfer RESP to new allocation and increase monthly deposits.
- Apply for changes to disability insurance.
- Apply for life insurance and arrange for medical.

# Retirement Capital Needs

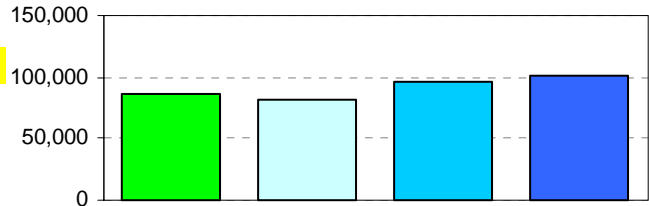
Projected retirement income compared to lifestyle goals

Prepared for: **Pete and Carrie Mitchell**

Prepared by:

## Lifestyle Needs

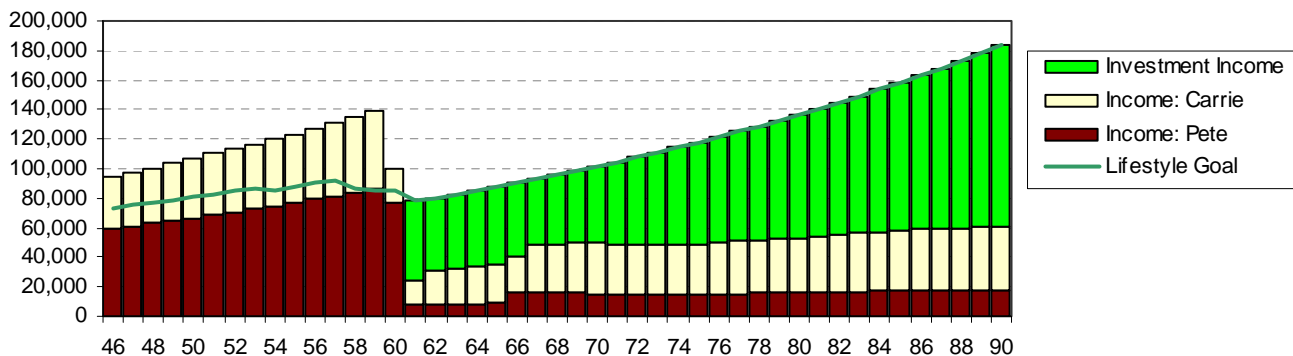
|                  | Lifestyle Goal | % of Goal |
|------------------|----------------|-----------|
| ■ Lifestyle Goal | 85,713         | 100%      |
| ■ Conservative   | 81,947         | 96%       |
| ■ Moderate       | 95,717         | 112%      |
| ■ Aggressive     | 101,392        | 118%      |



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. It is also possible to calculate the sort of income you may expect in the future based on your current savings and investment plans.

The graph above compares your projected lifestyle goals in retirement with what you can realistically expect as a retirement lifestyle, assuming three sample asset allocations with varying degrees of risk. Depending on your current investment allocation and the level of risk you are prepared to accept, it may be necessary to adjust your planned lifestyle goals.

The chart below compares your future projected lifestyle needs to your after-tax fixed income from all sources. Also charted is the amount of after-tax income that you can expect to generate from your income producing assets such as RRSPs and other non-registered savings.



Any projected shortfall indicates a need for planning. As all available resources have already been considered in assessing the accumulation requirements however, there are few alternatives to consider. Today's lifestyle can be scaled back to free up additional capital for investment, or the lifestyle goal in retirement can be reduced to a level that can be supported by the projected accumulations.

Alternatively, new planning strategies can be formulated to maximize returns on available resources in order to reach the accumulation target. Tax efficient investments and an appropriate asset allocation strategy can also help you to meet your retirement goals.

# Retirement Capital Needs

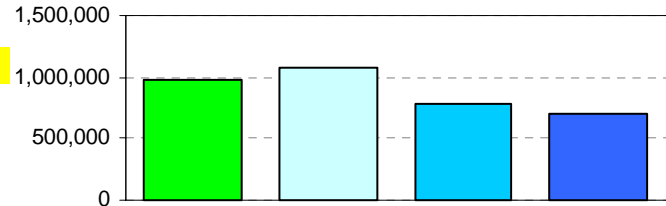
*Projected capital required at retirement compared to available capital*

Prepared for: **Pete and Carrie Mitchell**

Prepared by:

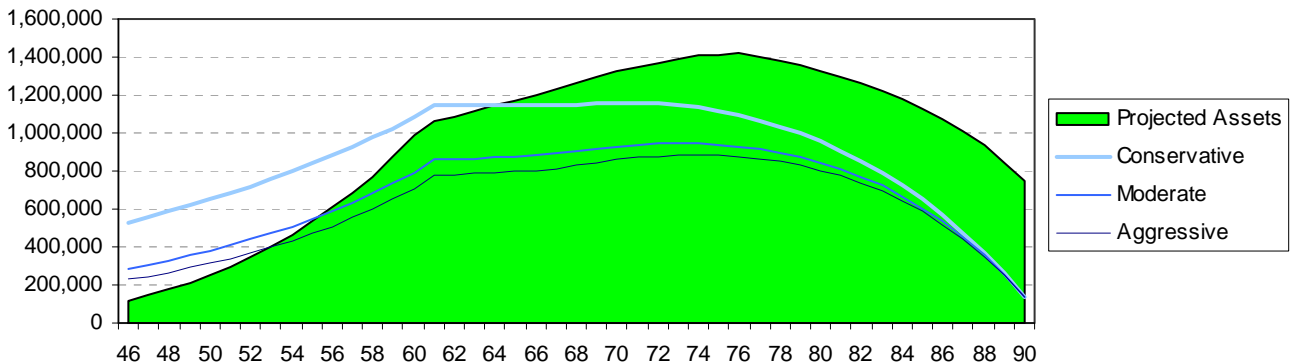
## Income Producing Assets

|                  | <u>Amount</u> | <u>Return</u> |
|------------------|---------------|---------------|
| Projected Assets | 984,234       | 7.70%         |
| Conservative     | 1,079,454     | 5.20%         |
| Moderate         | 787,748       | 7.50%         |
| Aggressive       | 704,093       | 8.40%         |



The chart above shows the amount of capital you will require in order to fund the retirement lifestyle you've indicated you wish to have. How your assets are allocated will determine how much money you will require at retirement – based on past performance, conservative investors will require a higher level of savings. The “projected assets” heading represents your assets as they are currently invested.

The chart below illustrates how different asset allocations would effect your ability to retire at a certain date. Each crossover point, which is where a line representing one of the three sample allocations meets the projected assets, indicates a point in time where accumulations should be sufficient to meet your goals assuming the investment strategy indicated by the line graph is employed. The more conservative the approach, the larger the pool of capital that will be required at retirement. Your investment strategy between now and retirement will dictate the annual savings level required to meet your goals.



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 Capital Needs

*Projected retirement income compared to lifestyle goals*

Prepared for: **Pete and Carrie Mitchell**

Prepared by:

| Year | Age | Fixed Income | Investment Income |          | Income Tax | After-Tax Income | Lifestyle Needs | Excess / (Deficiency) |
|------|-----|--------------|-------------------|----------|------------|------------------|-----------------|-----------------------|
|      |     |              | Registered        | Non-reg. |            |                  |                 |                       |
| 1    | 46  | 120,000      | 0                 | 1,109    | 26,812     | 94,297           | 73,600          | 20,697                |
| 2    | 47  | 123,600      | 0                 | 1,051    | 27,235     | 97,416           | 75,340          | 22,076                |
| 3    | 48  | 127,308      | 0                 | 1,205    | 27,731     | 100,782          | 77,132          | 23,650                |
| 4    | 49  | 131,127      | 0                 | 1,370    | 28,237     | 104,260          | 78,978          | 25,282                |
| 5    | 50  | 135,061      | 0                 | 1,545    | 28,861     | 107,745          | 80,880          | 26,865                |
| 6    | 51  | 139,113      | 0                 | 1,732    | 29,508     | 111,337          | 82,838          | 28,499                |
| 7    | 52  | 143,286      | 0                 | 1,938    | 30,717     | 114,508          | 84,855          | 29,653                |
| 8    | 53  | 147,585      | 0                 | 2,183    | 32,543     | 117,225          | 86,066          | 31,159                |
| 9    | 54  | 152,012      | 0                 | 2,484    | 33,684     | 120,813          | 85,473          | 35,340                |
| 10   | 55  | 156,573      | 0                 | 2,835    | 34,886     | 124,522          | 87,677          | 36,845                |
| 11   | 56  | 161,270      | 0                 | 6,486    | 38,502     | 129,254          | 89,947          | 39,307                |
| 12   | 57  | 166,108      | 0                 | 4,289    | 37,951     | 132,446          | 92,286          | 40,160                |
| 13   | 58  | 171,091      | 0                 | 4,828    | 39,377     | 136,542          | 87,069          | 49,473                |
| 14   | 59  | 176,224      | 0                 | 5,504    | 40,930     | 140,798          | 85,175          | 55,623                |
| 15   | 60  | 120,747      | 2,993             | 18,128   | 23,793     | 118,075          | 85,713          | 32,361                |
| 16   | 61  | 25,566       | 2,993             | 56,421   | 1,380      | 83,599           | 77,898          | 5,701                 |
| 17   | 62  | 32,286       | 2,993             | 53,135   | 2,597      | 85,816           | 80,235          | 5,581                 |
| 18   | 63  | 34,763       | 2,993             | 53,093   | 2,915      | 87,933           | 82,642          | 5,291                 |
| 19   | 64  | 35,254       | 2,993             | 52,173   | 2,808      | 87,612           | 85,122          | 2,490                 |
| 20   | 65  | 36,338       | 2,993             | 49,868   | 1,523      | 87,676           | 87,675          | 1                     |
| 21   | 66  | 43,355       | 2,901             | 47,040   | 2,989      | 90,307           | 90,306          | 1                     |
| 22   | 67  | 49,316       | 2,596             | 42,519   | 1,415      | 93,016           | 93,015          | 1                     |
| 23   | 68  | 51,773       | 10,877            | 36,288   | 3,131      | 95,807           | 95,805          | 2                     |
| 24   | 69  | 52,448       | 15,272            | 34,617   | 3,609      | 98,727           | 98,679          | 48                    |
| 25   | 70  | 53,132       | 33,380            | 22,070   | 6,939      | 101,644          | 101,640         | 5                     |
| 26   | 71  | 53,826       | 55,318            | 6,667    | 11,106     | 104,706          | 104,689         | 17                    |
| 27   | 72  | 54,530       | 66,240            | 303      | 13,152     | 107,921          | 107,830         | 92                    |
| 28   | 73  | 55,244       | 70,342            | 327      | 13,844     | 112,069          | 111,064         | 1,005                 |
| 29   | 74  | 55,968       | 103,498           | 914      | 21,704     | 138,676          | 114,396         | 24,279                |
| 30   | 75  | 56,703       | 103,475           | 2,079    | 21,455     | 140,802          | 117,828         | 22,974                |
| 31   | 76  | 57,448       | 103,463           | 3,806    | 21,462     | 143,254          | 121,363         | 21,891                |
| 32   | 77  | 58,203       | 102,169           | 4,620    | 20,756     | 144,237          | 125,004         | 19,233                |
| 33   | 78  | 58,970       | 100,993           | 5,543    | 20,258     | 145,248          | 128,754         | 16,493                |
| 34   | 79  | 59,747       | 99,653            | 6,297    | 19,748     | 145,949          | 132,617         | 13,332                |
| 35   | 80  | 60,536       | 98,391            | 6,871    | 19,217     | 146,580          | 136,595         | 9,985                 |
| 36   | 81  | 61,336       | 97,170            | 7,258    | 18,656     | 147,108          | 140,693         | 6,414                 |
| 37   | 82  | 62,147       | 95,953            | 7,451    | 18,065     | 147,487          | 144,914         | 2,573                 |
| 38   | 83  | 62,970       | 94,714            | 9,280    | 17,500     | 149,464          | 149,261         | 203                   |
| 39   | 84  | 63,805       | 93,415            | 13,644   | 16,897     | 153,968          | 153,739         | 229                   |
| 40   | 85  | 64,652       | 92,220            | 18,014   | 16,278     | 158,608          | 158,351         | 257                   |

# Retirement Capital Needs

*Projected retirement income compared to lifestyle goals*

Prepared for: **Pete and Carrie Mitchell**

Prepared by:

| Year | Age | Fixed<br>Income | Investment Income |          | Income<br>Tax | After-Tax<br>Income | Lifestyle<br>Needs | Excess /<br>(Deficiency) |
|------|-----|-----------------|-------------------|----------|---------------|---------------------|--------------------|--------------------------|
|      |     |                 | Registered        | Non-reg. |               |                     |                    |                          |
| 41   | 86  | 65,512          | 96,847            | 18,605   | 17,298        | 163,666             | 163,102            | 564                      |
| 42   | 87  | 66,383          | 110,805           | 10,757   | 19,450        | 168,496             | 167,995            | 501                      |
| 43   | 88  | 67,268          | 119,479           | 7,681    | 20,899        | 173,530             | 173,035            | 495                      |
| 44   | 89  | 68,165          | 126,086           | 6,376    | 21,912        | 178,716             | 178,226            | 490                      |
| 45   | 90  | 69,075          | 132,069           | 5,702    | 22,786        | 184,059             | 183,573            | 487                      |

# Retirement Capital Needs

*Projected capital required at retirement compared to available capital*

Prepared for: **Pete and Carrie Mitchell**

Prepared by:

| Year | Age | After-Tax<br>Fixed Inc. | Lifestyle<br>Needs | Retirement<br>Deficiency | NPV of Retirement Deficiency |          |            | Available<br>Capital |
|------|-----|-------------------------|--------------------|--------------------------|------------------------------|----------|------------|----------------------|
|      |     |                         |                    |                          | Conservative                 | Moderate | Aggressive |                      |
| 1    | 46  | 93,974                  | 73,600             | 0                        | 530,864                      | 286,199  | 227,625    | 115,000              |
| 2    | 47  | 97,058                  | 75,340             | 0                        | 558,469                      | 307,664  | 246,746    | 143,361              |
| 3    | 48  | 100,366                 | 77,132             | 0                        | 587,510                      | 330,739  | 267,472    | 175,443              |
| 4    | 49  | 103,777                 | 78,978             | 0                        | 618,060                      | 355,545  | 289,940    | 211,536              |
| 5    | 50  | 107,194                 | 80,880             | 0                        | 650,199                      | 382,211  | 314,295    | 252,010              |
| 6    | 51  | 110,713                 | 82,838             | 0                        | 684,010                      | 410,876  | 340,696    | 297,148              |
| 7    | 52  | 113,830                 | 84,855             | 0                        | 719,578                      | 441,692  | 369,314    | 347,361              |
| 8    | 53  | 116,515                 | 86,066             | 0                        | 756,996                      | 474,819  | 400,336    | 402,462              |
| 9    | 54  | 120,012                 | 85,473             | 0                        | 796,360                      | 510,430  | 433,965    | 463,084              |
| 10   | 55  | 123,616                 | 87,677             | 0                        | 837,771                      | 548,713  | 470,418    | 532,477              |
| 11   | 56  | 127,468                 | 89,947             | 0                        | 881,335                      | 589,866  | 509,933    | 608,503              |
| 12   | 57  | 130,708                 | 92,286             | 0                        | 927,164                      | 634,106  | 552,767    | 685,158              |
| 13   | 58  | 134,593                 | 87,069             | 0                        | 975,377                      | 681,664  | 599,200    | 770,399              |
| 14   | 59  | 138,584                 | 85,175             | 0                        | 1,026,096                    | 732,789  | 649,532    | 870,869              |
| 15   | 60  | 99,972                  | 85,713             | (14,259)                 | 1,079,454                    | 787,748  | 704,093    | 984,234              |
| 16   | 61  | 24,709                  | 77,898             | 53,189                   | 1,149,844                    | 861,088  | 777,495    | 1,067,983            |
| 17   | 62  | 30,451                  | 80,235             | 49,784                   | 1,146,567                    | 862,601  | 779,736    | 1,088,993            |
| 18   | 63  | 32,619                  | 82,642             | 50,023                   | 1,147,114                    | 868,221  | 786,159    | 1,115,274            |
| 19   | 64  | 33,159                  | 85,122             | 51,962                   | 1,147,359                    | 873,933  | 792,793    | 1,143,546            |
| 20   | 65  | 35,163                  | 87,675             | 52,513                   | 1,145,043                    | 877,500  | 797,409    | 1,172,182            |
| 21   | 66  | 41,086                  | 90,306             | 49,220                   | 1,143,525                    | 882,251  | 803,330    | 1,203,010            |
| 22   | 67  | 48,123                  | 93,015             | 44,892                   | 1,145,010                    | 890,442  | 812,831    | 1,228,667            |
| 23   | 68  | 49,180                  | 95,805             | 46,625                   | 1,152,564                    | 905,239  | 829,123    | 1,260,933            |
| 24   | 69  | 49,596                  | 98,679             | 49,084                   | 1,158,163                    | 918,797  | 844,435    | 1,293,003            |
| 25   | 70  | 49,794                  | 101,640            | 51,846                   | 1,161,160                    | 930,480  | 858,140    | 1,324,109            |
| 26   | 71  | 48,325                  | 104,689            | 56,364                   | 1,161,069                    | 939,795  | 869,753    | 1,351,241            |
| 27   | 72  | 48,444                  | 107,830            | 59,385                   | 1,155,688                    | 944,522  | 877,055    | 1,373,109            |
| 28   | 73  | 49,010                  | 111,064            | 62,055                   | 1,146,478                    | 946,055  | 881,422    | 1,391,612            |
| 29   | 74  | 48,259                  | 114,396            | 66,137                   | 1,133,654                    | 944,569  | 883,021    | 1,407,867            |
| 30   | 75  | 49,062                  | 117,828            | 68,766                   | 1,115,056                    | 937,863  | 879,646    | 1,413,263            |
| 31   | 76  | 49,837                  | 121,363            | 71,526                   | 1,092,463                    | 927,627  | 872,960    | 1,416,543            |
| 32   | 77  | 50,702                  | 125,004            | 74,302                   | 1,065,482                    | 913,411  | 862,500    | 1,399,923            |
| 33   | 78  | 51,556                  | 128,754            | 77,198                   | 1,033,928                    | 894,958  | 847,992    | 1,380,269            |
| 34   | 79  | 52,424                  | 132,617            | 80,193                   | 997,409                      | 871,795  | 828,939    | 1,357,133            |
| 35   | 80  | 53,313                  | 136,595            | 83,282                   | 955,520                      | 843,426  | 804,816    | 1,330,256            |
| 36   | 81  | 54,225                  | 140,693            | 86,468                   | 907,874                      | 809,350  | 775,087    | 1,299,362            |
| 37   | 82  | 55,157                  | 144,914            | 89,757                   | 854,059                      | 769,027  | 739,170    | 1,264,160            |
| 38   | 83  | 56,083                  | 149,261            | 93,178                   | 793,628                      | 721,862  | 696,418    | 1,224,335            |
| 39   | 84  | 57,039                  | 153,739            | 96,700                   | 726,046                      | 667,151  | 646,067    | 1,179,426            |
| 40   | 85  | 58,018                  | 158,351            | 100,334                  | 650,819                      | 604,206  | 587,355    | 1,128,992            |

# Retirement Capital Needs

*Projected capital required at retirement compared to available capital*

Prepared for: **Pete and Carrie Mitchell**

Prepared by:

| Year | Age | After-Tax<br>Fixed Inc. | Lifestyle<br>Needs | Retirement<br>Deficiency | NPV of Retirement Deficiency |          |            | Available<br>Capital |
|------|-----|-------------------------|--------------------|--------------------------|------------------------------|----------|------------|----------------------|
|      |     |                         |                    |                          | Conservative                 | Moderate | Aggressive |                      |
| 41   | 86  | 58,802                  | 163,102            | 104,299                  | 567,417                      | 532,276  | 519,448    | 1,072,590            |
| 42   | 87  | 59,281                  | 167,995            | 108,714                  | 475,000                      | 450,275  | 441,160    | 1,007,291            |
| 43   | 88  | 59,929                  | 173,035            | 113,106                  | 372,601                      | 356,946  | 351,118    | 932,118              |
| 44   | 89  | 60,668                  | 178,226            | 117,557                  | 259,727                      | 251,468  | 248,363    | 847,175              |
| 45   | 90  | 61,447                  | 183,573            | 122,125                  | 135,764                      | 132,860  | 131,757    | 752,273              |

# Retirement Capital Needs

Projected annual savings verses retirement income

Prepared for: **Pete and Carrie Mitchell**

Prepared by:

| Year | Age | Deposit<br>(Withdrawal) | Annual Savings Required |           |            | Reduction to Retirement Lifestyle |           |            |
|------|-----|-------------------------|-------------------------|-----------|------------|-----------------------------------|-----------|------------|
|      |     |                         | Conservative            | Moderate  | Aggressive | Conservative                      | Moderate  | Aggressive |
| 1    | 46  | 19,347                  | 35,106                  | 17,879    | 13,074     | 0                                 | 0         | 0          |
| 2    | 47  | 20,686                  | 37,159                  | 18,208    | 12,881     | 0                                 | 0         | 0          |
| 3    | 48  | 22,217                  | 39,312                  | 18,384    | 12,460     | 0                                 | 0         | 0          |
| 4    | 49  | 23,807                  | 41,571                  | 18,357    | 11,744     | 0                                 | 0         | 0          |
| 5    | 50  | 25,346                  | 43,940                  | 18,053    | 10,638     | 0                                 | 0         | 0          |
| 6    | 51  | 26,934                  | 46,431                  | 17,379    | 9,020      | 0                                 | 0         | 0          |
| 7    | 52  | 28,039                  | 49,052                  | 16,189    | 6,698      | 0                                 | 0         | 0          |
| 8    | 53  | 29,498                  | 51,889                  | 14,348    | 3,477      | 0                                 | 0         | 0          |
| 9    | 54  | 33,630                  | 54,958                  | 11,514    | (1,088)    | 0                                 | 0         | 0          |
| 10   | 55  | 35,084                  | 57,840                  | 6,655     | (8,205)    | 0                                 | 0         | 0          |
| 11   | 56  | 37,492                  | 60,897                  | (909)     | (18,841)   | 0                                 | 0         | 0          |
| 12   | 57  | 38,292                  | 65,823                  | (11,554)  | (33,957)   | 0                                 | 0         | 0          |
| 13   | 58  | 47,548                  | 71,822                  | (31,079)  | (60,768)   | 0                                 | 0         | 0          |
| 14   | 59  | 53,640                  | 77,253                  | (75,971)  | (119,956)  | 0                                 | 0         | 0          |
| 15   | 60  | 29,312                  | 83,044                  | (219,310) | (305,477)  | 3,766                             | (10,004)  | (15,679)   |
| 16   | 61  | (36,090)                | 0                       | 0         | 0          | 3,331                             | (10,760)  | (16,567)   |
| 17   | 62  | (34,742)                | 0                       | 0         | 0          | 2,414                             | (12,041)  | (17,992)   |
| 18   | 63  | (36,783)                | 0                       | 0         | 0          | 1,377                             | (13,454)  | (19,555)   |
| 19   | 64  | (40,528)                | 0                       | 0         | 0          | 170                               | (15,054)  | (21,311)   |
| 20   | 65  | (42,605)                | 0                       | 0         | 0          | (1,254)                           | (16,893)  | (23,317)   |
| 21   | 66  | (39,974)                | 0                       | 0         | 0          | (2,847)                           | (18,907)  | (25,501)   |
| 22   | 67  | (38,344)                | 0                       | 0         | 0          | (4,156)                           | (20,534)  | (27,254)   |
| 23   | 68  | (42,279)                | 0                       | 0         | 0          | (5,598)                           | (22,283)  | (29,122)   |
| 24   | 69  | (47,359)                | 0                       | 0         | 0          | (7,257)                           | (24,238)  | (31,192)   |
| 25   | 70  | (53,858)                | 0                       | 0         | 0          | (9,158)                           | (26,419)  | (33,480)   |
| 26   | 71  | (61,405)                | 0                       | 0         | 0          | (11,190)                          | (28,684)  | (35,833)   |
| 27   | 72  | (66,160)                | 0                       | 0         | 0          | (13,430)                          | (31,120)  | (38,339)   |
| 28   | 73  | (69,354)                | 0                       | 0         | 0          | (15,945)                          | (33,797)  | (41,072)   |
| 29   | 74  | (79,246)                | 0                       | 0         | 0          | (18,847)                          | (36,838)  | (44,159)   |
| 30   | 75  | (80,538)                | 0                       | 0         | 0          | (21,743)                          | (39,776)  | (47,102)   |
| 31   | 76  | (81,626)                | 0                       | 0         | 0          | (25,178)                          | (43,234)  | (50,557)   |
| 32   | 77  | (83,009)                | 0                       | 0         | 0          | (27,827)                          | (45,699)  | (52,931)   |
| 33   | 78  | (84,590)                | 0                       | 0         | 0          | (31,047)                          | (48,708)  | (55,839)   |
| 34   | 79  | (86,430)                | 0                       | 0         | 0          | (34,983)                          | (52,407)  | (59,427)   |
| 35   | 80  | (88,534)                | 0                       | 0         | 0          | (39,865)                          | (57,024)  | (63,923)   |
| 36   | 81  | (90,903)                | 0                       | 0         | 0          | (46,017)                          | (62,887)  | (69,655)   |
| 37   | 82  | (93,551)                | 0                       | 0         | 0          | (53,929)                          | (70,487)  | (77,117)   |
| 38   | 83  | (96,577)                | 0                       | 0         | 0          | (64,369)                          | (80,601)  | (87,089)   |
| 39   | 84  | (99,913)                | 0                       | 0         | 0          | (78,609)                          | (94,514)  | (100,861)  |
| 40   | 85  | (103,576)               | 0                       | 0         | 0          | (98,932)                          | (114,537) | (120,754)  |

# Retirement Capital Needs

*Projected annual savings verses retirement income*

Prepared for: **Pete and Carrie Mitchell**

Prepared by:

| Year | Age | Deposit<br>(Withdrawal) | Annual Savings Required |          |            | Reduction to Retirement Lifestyle |           |            |
|------|-----|-------------------------|-------------------------|----------|------------|-----------------------------------|-----------|------------|
|      |     |                         | Conservative            | Moderate | Aggressive | Conservative                      | Moderate  | Aggressive |
| 41   | 86  | (108,084)               | 0                       | 0        | 0          | (129,916)                         | (145,303) | (151,426)  |
| 42   | 87  | (115,473)               | 0                       | 0        | 0          | (181,494)                         | (196,861) | (202,971)  |
| 43   | 88  | (121,283)               | 0                       | 0        | 0          | (284,555)                         | (300,521) | (306,865)  |
| 44   | 89  | (126,696)               | 0                       | 0        | 0          | (594,150)                         | (613,482) | (621,165)  |
| 45   | 90  | (132,069)               | 0                       | 0        | 0          | (623,543)                         | (637,896) | (643,679)  |

# Survivor Capital Needs

Projected life insurance needs on the life of Carrie at age 44

Prepared for: **Pete Mitchell**

Prepared by:

This survivor capital needs analysis examines the financial implications of the death of your spouse at any given point in time. It offers a year-by-year analysis of changing needs as compared to changing resources. The projections take into account your changing lifestyle needs as they appear on the accompanying documents.

## Survivor Income Needs

|  | <u>Your Allocation</u> | <u>Conservative</u> | <u>Moderate</u> | <u>Aggressive</u> |
|--|------------------------|---------------------|-----------------|-------------------|
| Total Needs  | 43,500                 | 43,500              | 43,500          | 43,500            |
| Average Rate of Return   | 7.72%                  | 5.20%               | 7.50%           | 8.40%             |
| <span style="color: blue;">■</span> Net Present Value of Income Deficiency | 318,637                | 619,114             | 336,975         | 268,938           |

## Survivor Lump-sum Needs

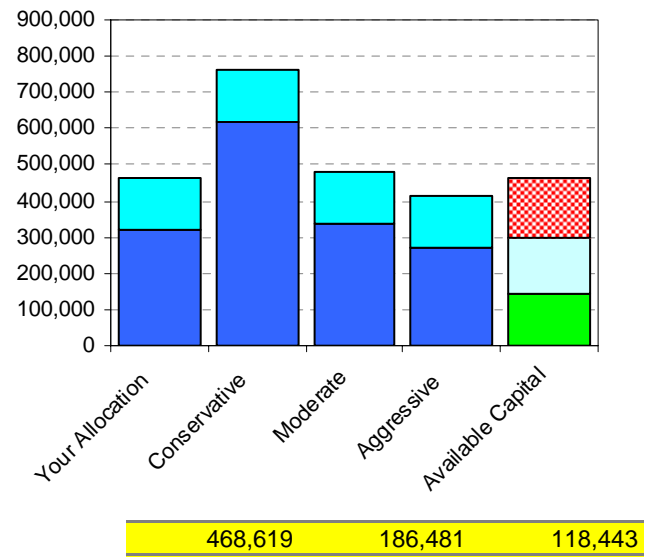
|  |         |
|--|---------|
| Final Expenses   | 25,000  |
| Bequests   | 0       |
| Debts and Taxes  | 120,000 |
| <span style="color: cyan;">■</span> Total Lump-sum Needs | 145,000 |

## Income Producing Assets

|  |         |
|--|---------|
| Non-registered   | 55,000  |
| RRSP / RRIF  | 45,000  |
| Locked-in and Pension Plans                                  | 45,495  |
| Real Estate and Other Assets                                 | 0       |
| <span style="color: green;">■</span> Total Available Capital | 145,495 |

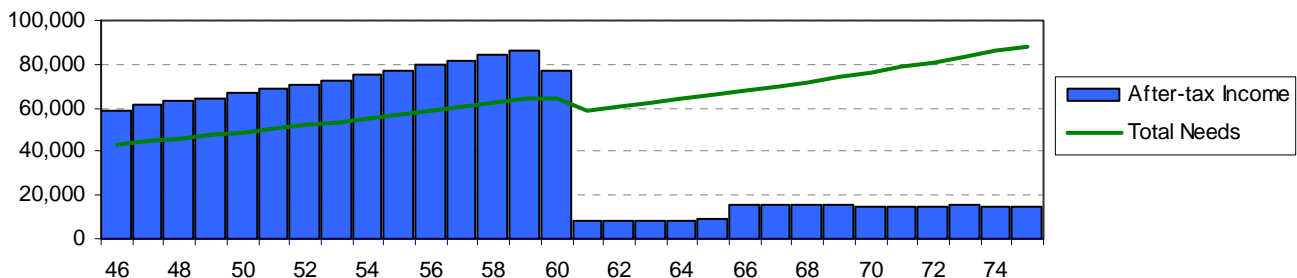
## Life Insurance Benefits

|  |         |
|--|---------|
| Group / Debt Life Insurance  | 150,000 |
| Individual Life Insurance  | 0       |
| <span style="color: lightblue;">■</span> Total Life Insurance Benefits | 150,000 |
| <span style="color: red;">■</span> Additional Life Insurance Required  | 168,142 |



The chart above examines your financial situation if your spouse were to predecease you. The additional life insurance that is required is calculated based on your current asset allocation as well as three sample asset allocations with varying degrees of risk.

The chart below illustrates your future projected after-tax income compared to your lifestyle needs. The difference between the total needs and your after-tax income can only be resolved with invested capital sufficient to produce the necessary after-tax income.



# Survivor Capital Needs

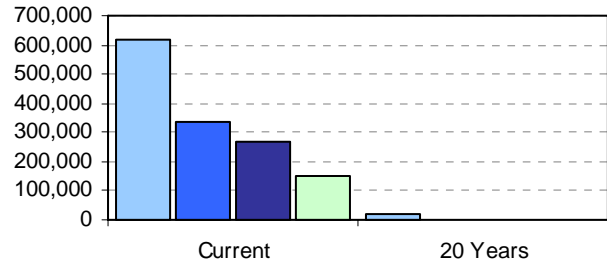
Projected life insurance needs on the life of Carrie

Prepared for: **Pete Mitchell**

Prepared by:

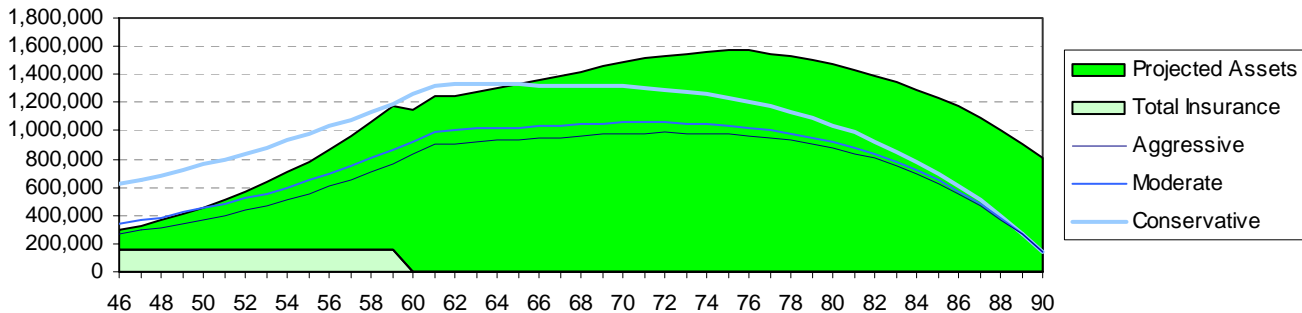
The amount of life insurance your spouse requires is based on the investment strategy and asset allocation you ultimately choose. This analysis calculates the life insurance needed using three different allocations each with varying degrees of risk. The more conservative the investment strategy, the greater the capital needed.

| Total Life Insurance Needs | Current | 20 Years |
|----------------------------|---------|----------|
| Conservative               | 618,619 | 18,137   |
| Moderate                   | 336,481 | 0        |
| Aggressive                 | 268,443 | 0        |
| In-force Insurance         | 150,000 | 0        |



The chart above compares the projected life insurance required now and in the future, based on three sample allocations, to the amount of life insurance in force today and in the future.

The chart below compares your future projected assets to the assets required should your spouse die at all points in the future. Each crossover point, which is where a line representing the three sample allocations meets the projected assets, indicates a point in time where the capital available is expected to be sufficient to meet your needs. This assumes that the investment strategy indicated by the line is employed.



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.

# Survivor Capital Needs

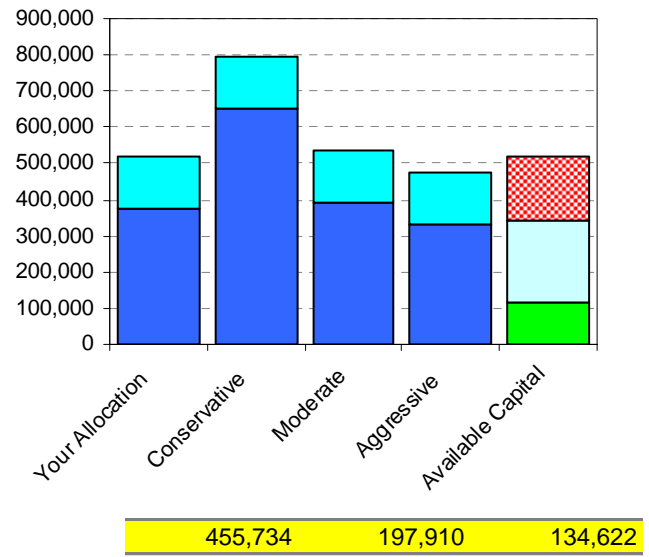
Projected life insurance needs on the life of Pete at age 46

Prepared for: **Carrie Mitchell**

Prepared by:

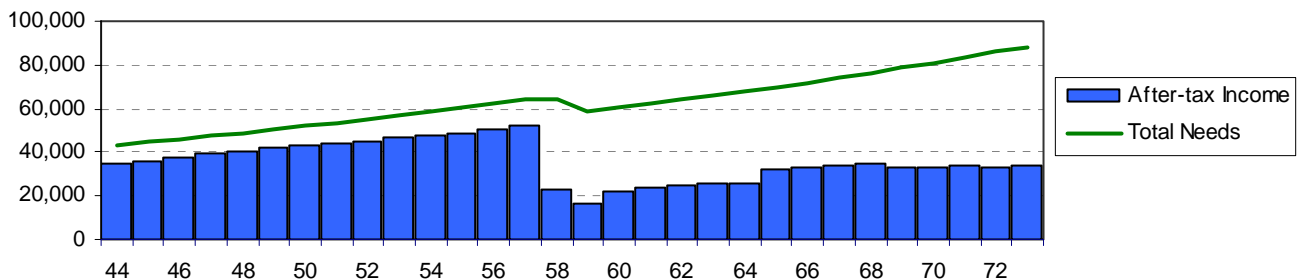
This survivor capital needs analysis examines the financial implications of the death of your spouse at any given point in time. It offers a year-by-year analysis of changing needs as compared to changing resources. The projections take into account your changing lifestyle needs as they appear on the accompanying documents.

| <b>Survivor Income Needs</b>   | <u>Your Allocation</u> | <u>Conservative</u> | <u>Moderate</u> | <u>Aggressive</u> |
|--|------------------------|---------------------|-----------------|-------------------|
| Total Needs  | 43,500                 | 43,500              | 43,500          | 43,500            |
| Average Rate of Return   | 7.72%                  | 5.20%               | 7.50%           | 8.40%             |
| <span style="color: blue;">■</span> Net Present Value of Income Deficiency | <u>375,927</u>         | <u>650,734</u>      | <u>392,910</u>  | <u>329,622</u>    |
| <b>Survivor Lump-sum Needs</b>   |                        |                     |                 |                   |
| Final Expenses   | 25,000                 |                     |                 |                   |
| Bequests   | 0                      |                     |                 |                   |
| Debts and Taxes  | 120,000                |                     |                 |                   |
| <span style="color: cyan;">■</span> Total Lump-sum Needs                   | <u>145,000</u>         |                     |                 |                   |
| <b>Income Producing Assets</b>   |                        |                     |                 |                   |
| Non-registered   | 55,000                 |                     |                 |                   |
| RRSP / RRIF  | 45,000                 |                     |                 |                   |
| Locked-in and Pension Plans  | 15,000                 |                     |                 |                   |
| Real Estate and Other Assets   | 0                      |                     |                 |                   |
| <span style="color: green;">■</span> Total Available Capital               | <u>115,000</u>         |                     |                 |                   |
| <b>Life Insurance Benefits</b>   |                        |                     |                 |                   |
| Group / Debt Life Insurance  | 225,000                |                     |                 |                   |
| Individual Life Insurance  | 0                      |                     |                 |                   |
| <span style="color: lightblue;">■</span> Total Life Insurance Benefits     | <u>225,000</u>         |                     |                 |                   |
| <span style="color: red;">■</span> Additional Life Insurance Required      | <u>180,927</u>         | <u>455,734</u>      | <u>197,910</u>  | <u>134,622</u>    |



The chart above examines your financial situation if your spouse were to predecease you. The additional life insurance that is required is calculated based on your current asset allocation as well as three sample asset allocations with varying degrees of risk.

The chart below illustrates your future projected after-tax income compared to your lifestyle needs. The difference between the total needs and your after-tax income can only be resolved with invested capital sufficient to produce the necessary after-tax income.



# Survivor Capital Needs

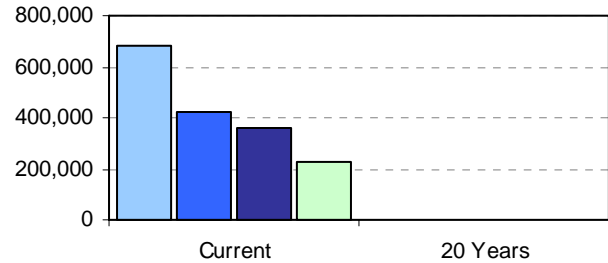
*Projected life insurance needs on the life of Pete*

Prepared for: **Carrie Mitchell**

Prepared by:

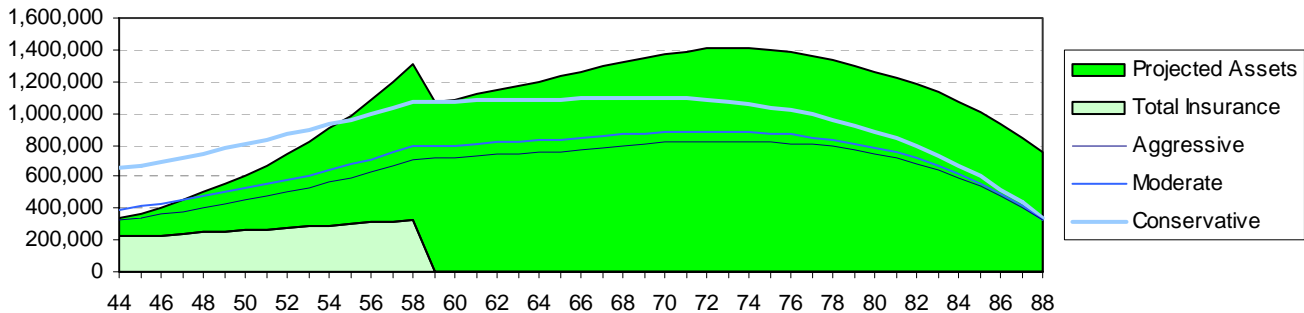
The amount of life insurance your spouse requires is based on the investment strategy and asset allocation you ultimately choose. This analysis calculates the life insurance needed using three different allocations each with varying degrees of risk. The more conservative the investment strategy, the greater the capital needed.

| Total Life Insurance Needs | Current | 20 Years |
|----------------------------|---------|----------|
| Conservative               | 680,734 | 0        |
| Moderate                   | 422,910 | 0        |
| Aggressive                 | 359,622 | 0        |
| In-force Insurance         | 225,000 | 0        |



The chart above compares the projected life insurance required now and in the future, based on three sample allocations, to the amount of life insurance in force today and in the future.

The chart below compares your future projected assets to the assets required should your spouse die at all points in the future. Each crossover point, which is where a line representing the three sample allocations meets the projected assets, indicates a point in time where the capital available is expected to be sufficient to meet your needs. This assumes that the investment strategy indicated by the line is employed.



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.

# Estate Capital Needs

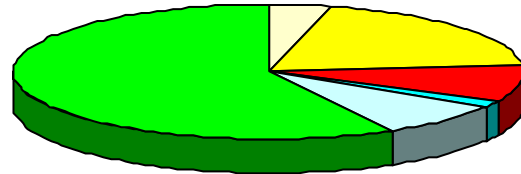
*Projected erosion of total assets on second death*

Prepared for: **Pete and Carrie Mitchell**

Prepared by:

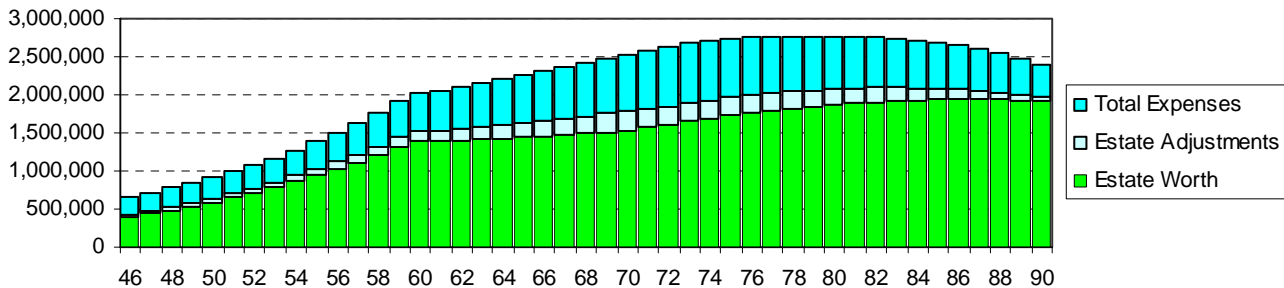
## Total Assets

|                      |                |               |
|----------------------|----------------|---------------|
| Estate Adjustments   | 24,576         | 4.02%         |
| Debts                | 120,000        | 19.63%        |
| Deferred Taxes       | 52,619         | 8.61%         |
| Probate & Legal Fees | 8,883          | 1.45%         |
| Other Needs          | 50,000         | 8.18%         |
| <b>Estate Worth</b>  | <b>355,127</b> | <b>58.10%</b> |



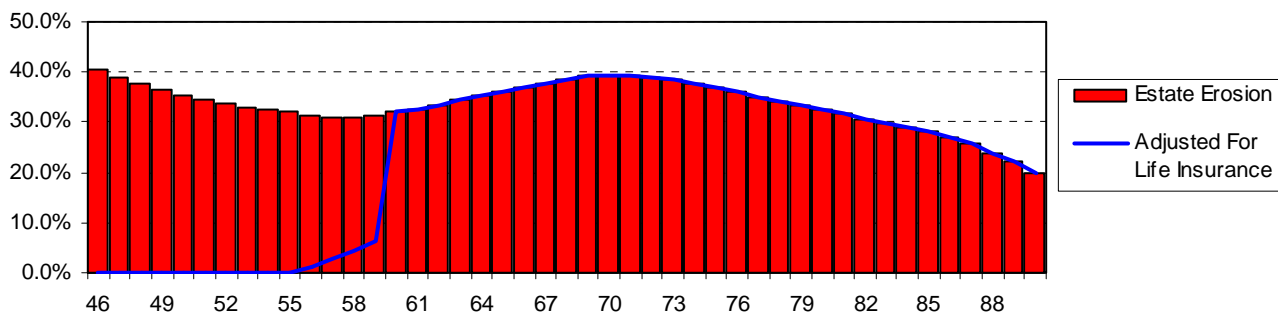
When assessing your estate capital needs many things must be taken into consideration. Debts, deferred taxes and probate fees are the main expenses associated with planning the disposition of your estate. Other considerations include final expenses such as funeral cost and the difference between the 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 current 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 estate, the portion of your assets payable to your heirs, and any expenses and adjustments.



Without proper planning, these expenses and adjustments may erode the value of your assets for your heirs. To help you appreciate how significant this cost can become, the chart below projects the future anticipated estate costs as a percentage of your total 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.



# Estate Capital Needs

*Projected estate planning value of life insurance and estate liquidity*

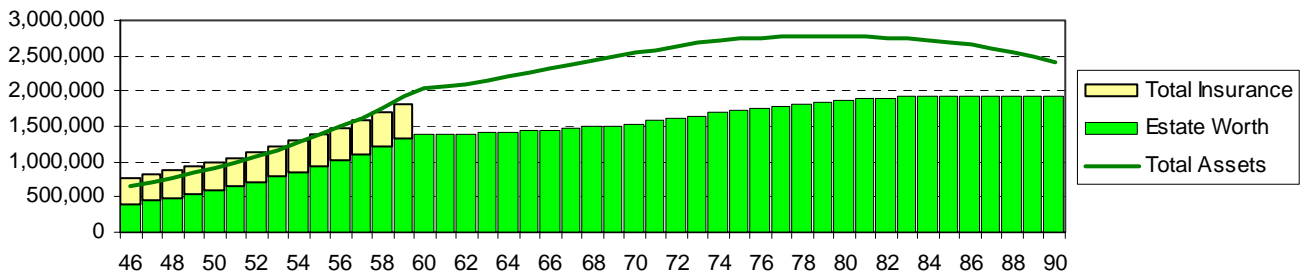
Prepared for: **Pete and Carrie Mitchell**

Prepared by:

Even though it may be possible to greatly reduce taxes and other expenses with planning, it is almost impossible to eliminate all the cost associated with disposing of your estate. For expenses that cannot be eliminated through planning, an effective solution is to offset the costs using life insurance.

The chart below compares your total assets with your estate worth and the value of any life insurance that will be payable. Ideally to fully transfer all of your assets to your heirs, the amount of life insurance should equal the expected estate erosion at a minimum.

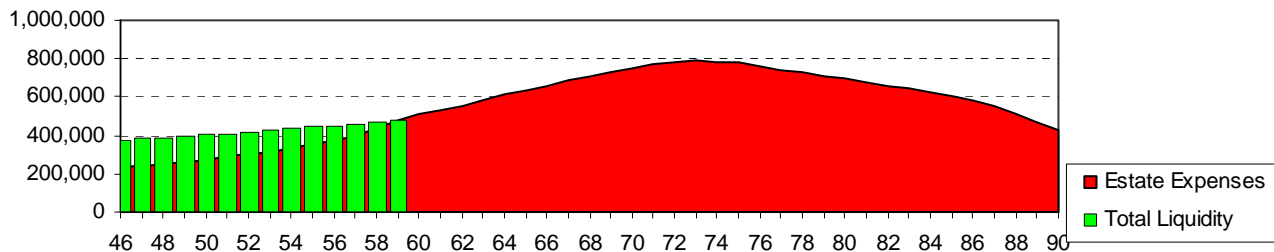
Life insurance originally purchased to provide income security to family members or joint policies that are specifically designed for these situations are an inexpensive and practical means of assisting you in meeting your estate planning goals.



It is also important to consider the liquidity of your various assets and whether your estate will require access to cash. Liquid assets are those assets that can be easily converted to cash at their full value in little or no time.

Real estate, business interest and securities are some of the assets that would normally not be considered liquid. Because tax is paid based on the fair market value (FMV) of assets immediately prior to death, any asset that can fluctuate in value could potentially take months to liquidate at an acceptable value.

The chart below projects your future estate expenses compared to the liquid assets available. Years where there are insufficient liquid assets to meet the projected expenses can add additional costs due to interest charges or further erode the value of assets due to a forced sale for less than full value.



# Disability Capital Needs

Capital required assuming total disability for life starting at age 46

Prepared for: **Pete Mitchell**

Prepared by:

This disability capital needs analysis examines the financial implications a disability will have on your plans for the future. It offers a year-by-year analysis of your lifestyle and savings needs compared to your after-tax income. The projections take into account your changing need for income as they appear on the accompanying documents.

## Initial Lump-sum Needs

|                                 |                |
|---------------------------------|----------------|
| Alternative Medical and Lodging | 0              |
| Capital Changes to Residence    | 0              |
| Debt Elimination                | 113,085        |
| Miscellaneous Needs             | 0              |
| <b>Total Lump-sum Needs</b>     | <b>113,085</b> |

## Cumulative Ongoing Needs

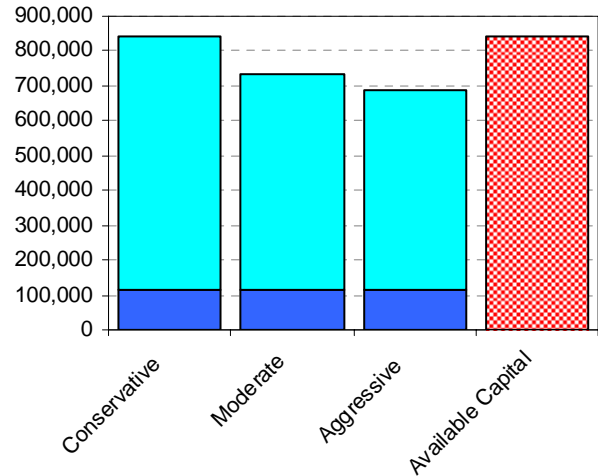
|                                   |                  |
|-----------------------------------|------------------|
| Lifestyle and Saving Deficiencies | 1,025,384        |
| Additional Income                 | 0                |
| <b>Total Ongoing Needs</b>        | <b>1,025,384</b> |

## Available Capital

|                                     |          |
|-------------------------------------|----------|
| Liquidated Real Estate              | 0        |
| Critical Illness Insurance Benefits | 0        |
| <b>Total Available Capital</b>      | <b>0</b> |

## Required Capital

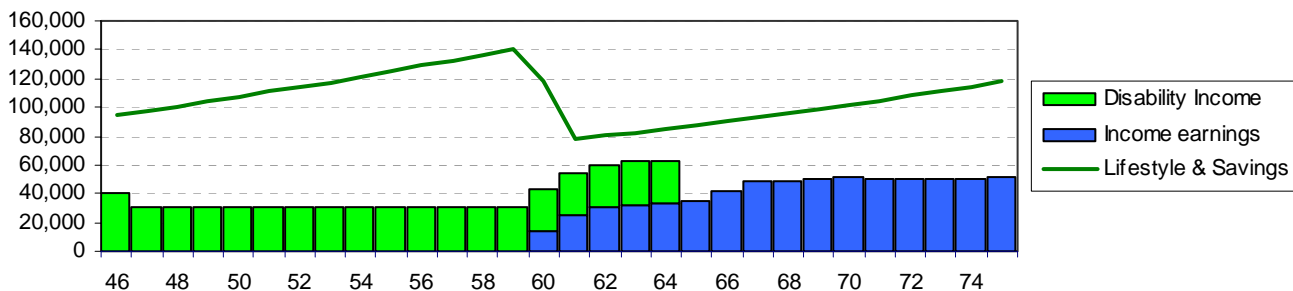
|   |  |
|---|--|
| Total Lump-sum Needs                      |  |
| Average Rate of Return                    |  |
| <b>Net Present Value of Ongoing Needs</b> |  |
| Total Available Capital                   |  |
| <b>Additional Capital Required</b>        |  |



|                                    | Conservative   | Moderate       | Aggressive     |
|------------------------------------|----------------|----------------|----------------|
| Total Lump-sum Needs               | 113,085        | 113,085        | 113,085        |
| Average Rate of Return             | 5.20%          | 7.50%          | 8.40%          |
| Net Present Value of Ongoing Needs | 727,408        | 619,793        | 577,188        |
| Total Available Capital            | 0              | 0              | 0              |
| <b>Additional Capital Required</b> | <b>840,493</b> | <b>732,878</b> | <b>690,273</b> |

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, while the cumulative ongoing needs represent the expected reduction to your after-tax income. The additional capital required is calculated based on three sample asset allocations with varying degrees of risk.

The chart 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.



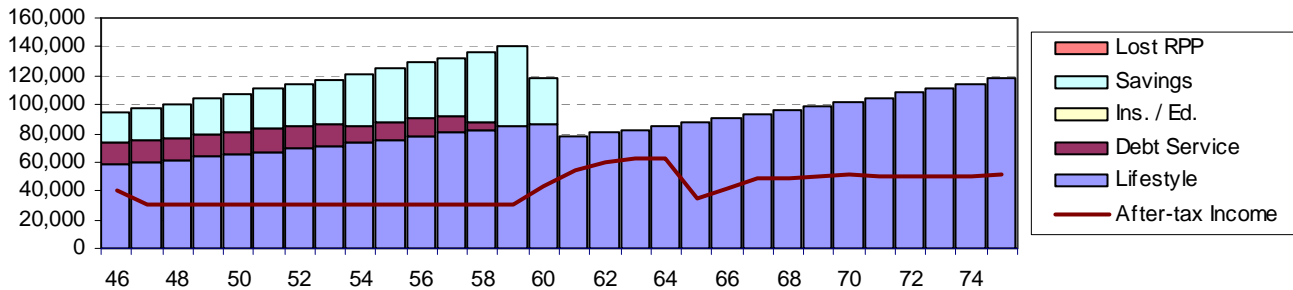
# Disability Capital Needs

Financial impact assuming total disability for life starting at age 46

Prepared for: **Pete Mitchell**

Prepared by:

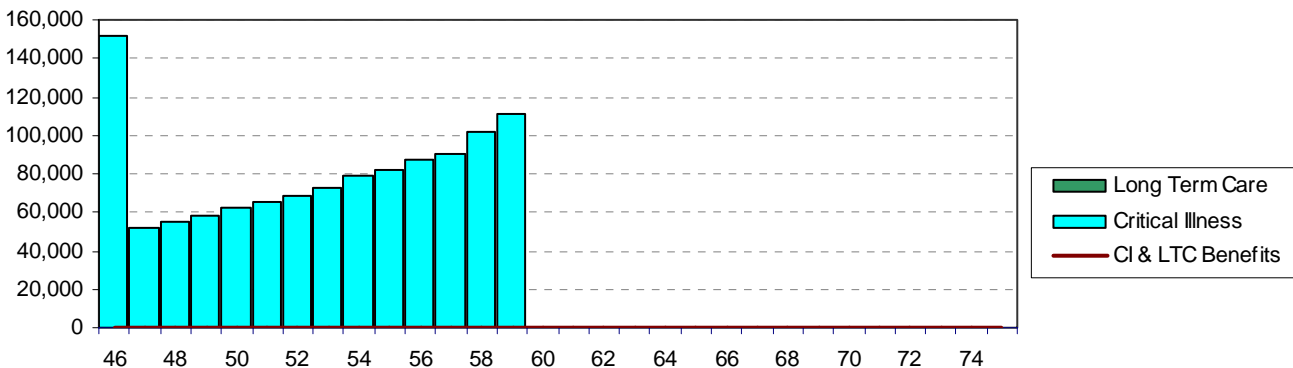
When developing a financial plan an assumption is made that your ability to earn income will continue for a specified period of time and a portion of that income will be used to meet lifestyle needs and a portion will be invested for the future. In the event of a disability however, assumptions around 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.



The graph above illustrates your lifestyle and saving needs based on your financial plans, compared to your projected after-tax income in the event of a disability. Ranked in order of necessity, any needs that exceed your projected income prior to retirement is an indication that your plans will have to change. Unfortunately, in many cases savings and investments suffer first when disability strikes. Even a relatively short period of inadequate savings can result in a significantly reduced level of retirement income. Disability insurance can help protect against lost income both in the present and in the future.

The following graph projects your need for capital in the event your disability is a result of a critical illness. It is estimated that 1 in 3 Canadians will contract a critical illness in their lifetime. One time expenses such as alternative medical treatment and temporary lodging, debt reduction and/or modifications to your home along with ongoing income needs can also seriously affect your financial plans for the future.

Also projected are any expenses related to long term care costs for health and personal care services as a result of your inability to care for yourself.



# Non-registered Investments

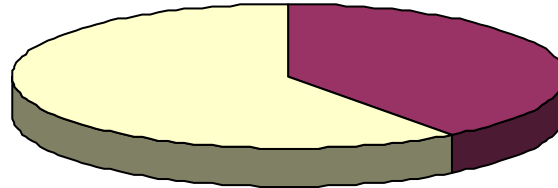
Projected investment values

Prepared for: **Pete Mitchell**

Prepared by:

## Investment Allocation

|               |               |        |
|---------------|---------------|--------|
| Cash:         | 0             | 0.00%  |
| Bond:         | 12,000        | 40.00% |
| Equity:       | 18,000        | 60.00% |
| <b>Total:</b> | <b>30,000</b> |        |

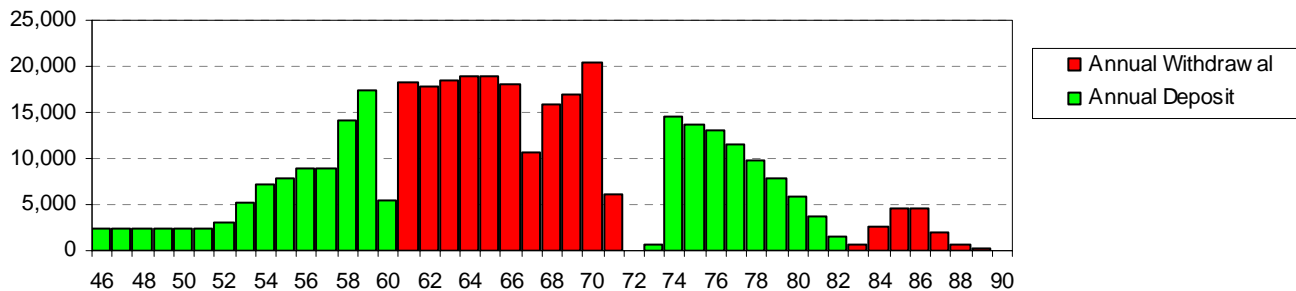


Diversification is an important element in any investment strategy, as it can help to reduce exposure to risk. A good investment plan should provide the best possible return for the degree of risk you are willing to assume. It must be kept in mind however, that there are different kinds of risk. Market 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. Your investment plan must also take into account tax considerations. Certain types of investment returns are fully taxed at an investor's top marginal rate, while other types of return feature significant tax advantages:

**Interest** is fully taxable each year at your top marginal rate.

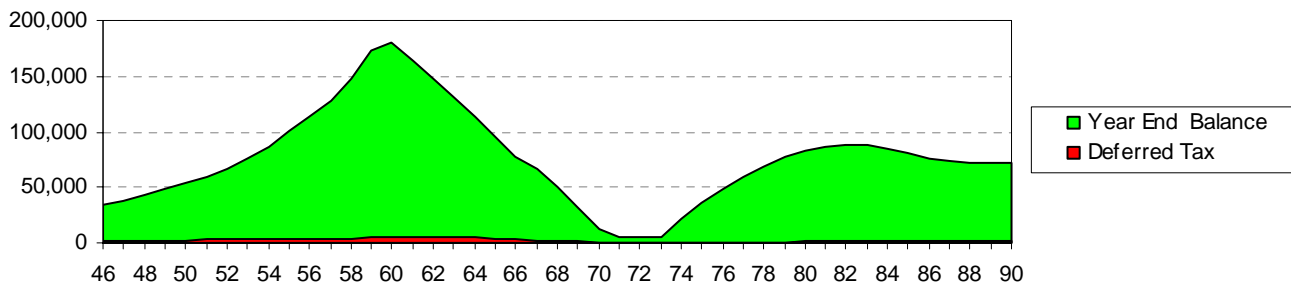
**Dividends** are taxable as received, but those from Canadian companies are eligible for preferred tax treatment through the Dividend Tax Credit.

**Capital Gains** are only 50% taxable when realized. In the case of mutual funds, a percentage of gains must usually be reported each year even if shares are not disposed of, due to investment turnover within the fund.



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. Your asset allocation needs will change over time, and periodic realignments of a portfolio can force taxable gains.

The following graph offers 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.



# Non-registered Investments

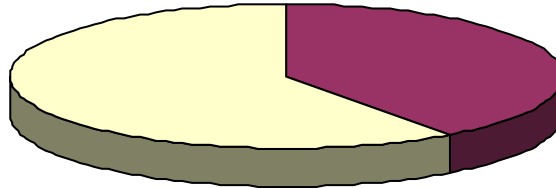
Projected investment values

Prepared for: **Carrie Mitchell**

Prepared by:

## Investment Allocation

|               |               |        |
|---------------|---------------|--------|
| Cash:         | 0             | 0.00%  |
| Bond:         | 10,000        | 40.00% |
| Equity:       | 15,000        | 60.00% |
| <b>Total:</b> | <b>25,000</b> |        |

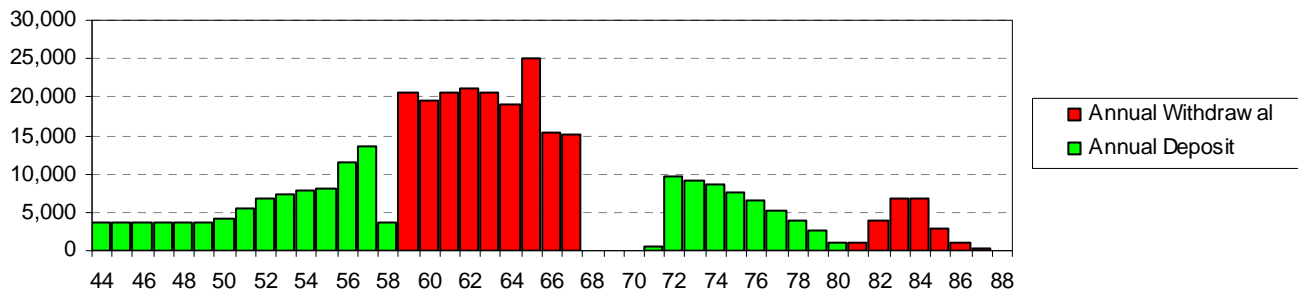


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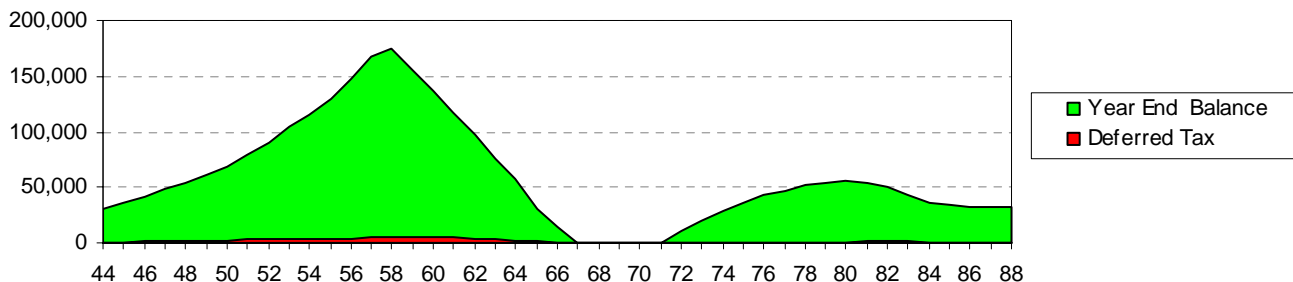
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# RRSP / RRIF

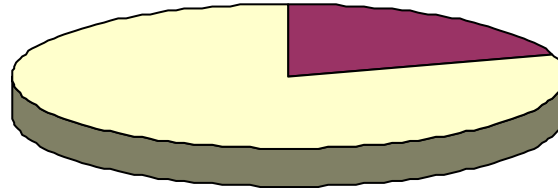
Projected investment values

Prepared for: **Pete Mitchell**

Prepared by:

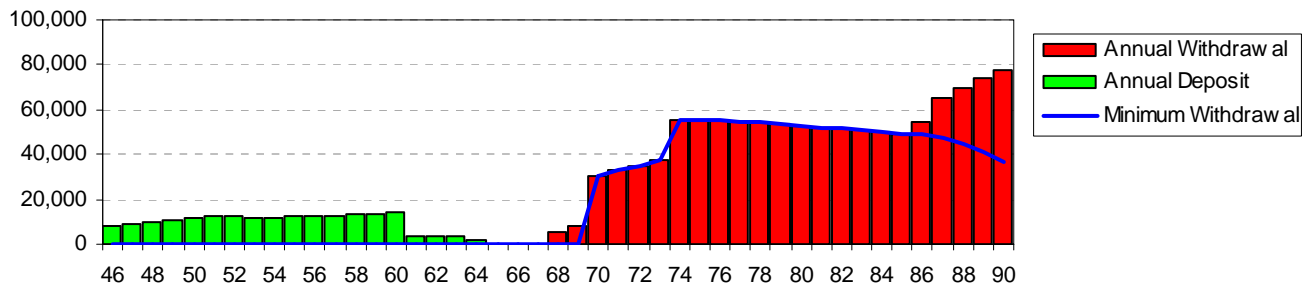
## Investment Allocation

|               |               |        |
|---------------|---------------|--------|
| Cash:         | 0             | 0.00%  |
| Bond:         | 4,000         | 20.00% |
| Equity:       | 16,000        | 80.00% |
| <b>Total:</b> | <b>20,000</b> |        |



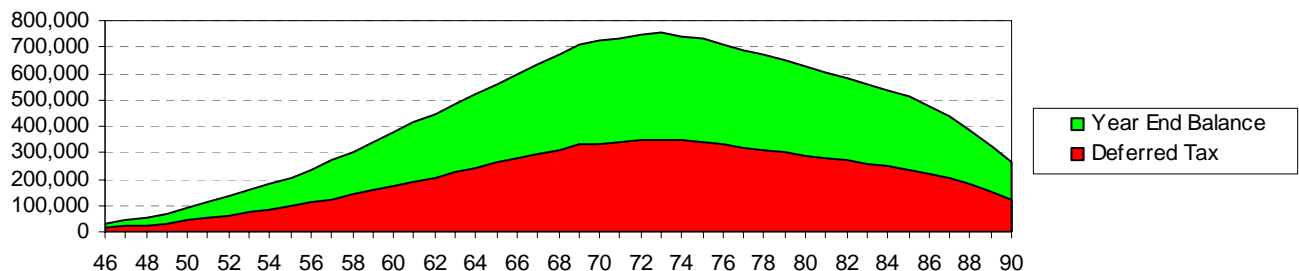
Registered Retirement Savings Plans (RRSPs) are one of the few (if not the last) tax shelters available to Canadians, and they should be used to the maximum extent possible. Not only do they offer an immediate tax deduction for amounts contributed into the plan, any money earned inside the plan is not taxed until it is withdrawn, presumable at retirement when one is in a lower tax bracket.

In order to maximize the value of your RRSPs you should contribute the maximum allowable each year and make each year's contribution as early in the year as possible. Ultimate accumulations also depend on how well you manage your portfolio of investments. A self-directed RRSP allows you to choose from a wide variety of investments and also take advantage of potentially lucrative foreign markets.



A RRIF offers the maximum flexibility in retirement income planning, as it allows you to maintain control over the investments held as well as the opportunity to control the level of income. You can start a RRIF at any age, but once started there is a minimum amount which must be taken into income each year. Your RRSPs must be matured no later than the year in which you turn 69, allowing you to delay the receipt of income until your age 70 if you wanted to.

Although this can sometimes be advantageous, you should remember that RRSPs were designed to produce income. They are not intended to be used as an estate planning tool. Tax eventually must be paid on all RRSPs, either during retirement as the funds are drawn for income, or ultimately in the estate. Although RRSPs may be rolled over to a spouse at death, when the surviving spouse dies all remaining balances become fully taxable as income in the year of death.



# RRSP / RRIF

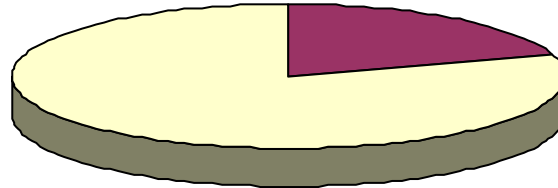
Projected investment values

Prepared for: **Carrie Mitchell**

Prepared by:

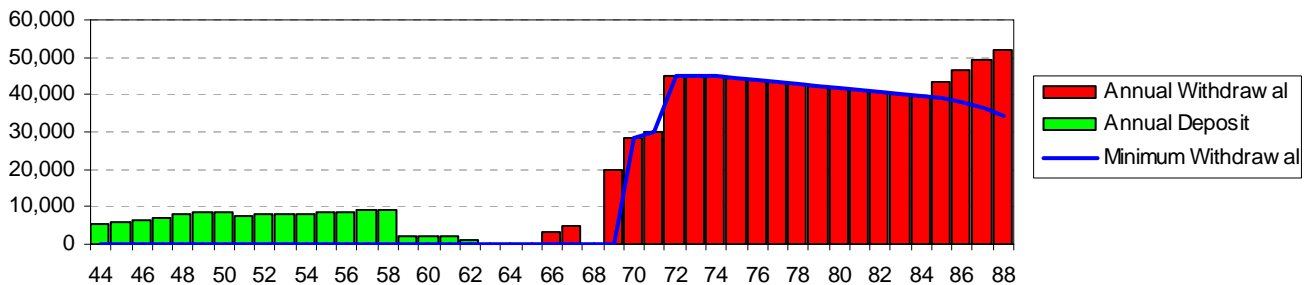
## Investment Allocation

|               |               |        |
|---------------|---------------|--------|
| Cash:         | 0             | 0.00%  |
| Bond:         | 5,000         | 20.00% |
| Equity:       | 20,000        | 80.00% |
| <b>Total:</b> | <b>25,000</b> |        |



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