

UNDER 5/AFTER 5 CHAPTER PROGRAM

MODULE 6: ANALYSIS



5 Prepare a financial plan and analysis



4 Identify opportunities to improve a client's financial situation



3 Prepare recommendations to address a client's needs



2 Give full and adequate disclosure of all assumptions made in the analysis



1 Be aware of the life insurance policy replacement rules when making changes to current coverage

RAZORPLAN

PPI TOOLKIT

SNAP
PROJECTIONS

WHAT TOOLS DID WE USE?

TOOLS FOR
ANALYSIS

ASSUMPTIONS

LEARNING OBJECTIVE:

GIVE FULL AND ADEQUATE DISCLOSURE OF ALL ASSUMPTIONS MADE IN THE ANALYSIS



PROJECTION ASSUMPTION GUIDELINES

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Effective Date: April 30, 2020

 FP CANADA ASSUMPTION GUIDELINES 2020

FP CANADA
ASSUMPTION GUIDELINES

BOB

1

Age 50, Non-Smoker
(Standard Life Expectancy age 85)

2

Standard Health
*Employer required Executive Medical
booked for next month

3

Vice President of Sales
Salary \$250,000

4

Full retirement at his age 65

5

25 Year old son (Chris) from a previous
marriage

CLIENT
INTRODUCTION

FAMILY

Married

Two Children Together
(Oliver 12 & Bridget 10)

Linda Inheritance
(only child)

LINDA

1

Linda 43, Non-Smoker
(Standard Life Expectancy age 88)

2

Standard Health

3

Elementary School Teacher
Salary \$90,000/yr

4

Full retirement at her age 65

ASSETS & ASSUMPTIONS

RRSP
\$500,000 (+\$28,000/yr)
Growth Rate: 5.0% Pre-Retirement (3.5% Post)



PRINCIPAL RESIDENCE
\$2,000,000 (Debt \$1,000,000)
Growth Rate: 3.0%

TFSA
\$178,000 (+\$12,000/yr)
Growth Rate: 5.0% Pre-Retirement (3.5% Post)



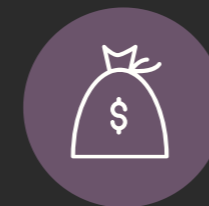
COTTAGE
\$325,000 (ACB \$200,000)
Growth Rate: 3.0%

NON REGISTERED
Nil



DEFINED BENEFIT PENSION
\$48,000/yr gross (today's dollars) @ 65
Index Rate: 2.5%

INHERITANCE
Linda's Mother - Unknown Amount



GOVERNMENT BENEFITS
Participation Rates - 100% Bob / 80% Linda
Index Rate: 1.8%

WHOLE LIFE
\$50,000 Sunlife Whole Life policy



Effective date		Inflation	Growth of the YMPE or MPE	Return			Foreign Developed -market equities*	Emerging -market equities*	Borrowing rate
				Short-term	Fixed-income	Canadian equities			
2009	Feb. 17	2.25%	n/a	3.75%	4.75%	7.25%			5.75%
2010	April 12	2.25%	n/a	3.75%	5.00%	7.25%			5.75%
2011	April 8	2.25%	n/a	3.50%	4.75%	7.00%			5.50%
2012	April 12	2.25%	n/a	3.25%	4.50%	7.00%			5.25%
2013	April 30	2.25%	n/a	3.25%	4.25%	7.00%			5.25%
2014	April 25	2.00%	n/a	3.00%	4.00%	6.50%			5.00%
2015	April 30	2.00%	3.00%	2.90%	3.90%	6.30%			4.90%
2016	June 30	2.10%	3.10%	3.00%	4.00%	6.40%	6.80%	7.70%	5.00%
2017	July 31	2.00%	3.00%	2.90%	3.90%	6.50%	6.70%	7.50%	4.90%
2018	April 30	2.00%	3.00%	2.90%	3.90%	6.40%	6.70%	7.40%	4.90%
2019	April 30	2.10%	3.10%	3.00%	3.90%	6.10%	6.40%	7.20%	5.00%
2020	April 30	2.00%	3.00%	2.40%	2.90%	6.10%	6.40%	7.10%	4.40%

*2009-2015 reports suggested a 1% increase to Canadian equities for foreign and emerging equities as a guideline.

Note that the investment management fees paid by clients for products and advice must be subtracted to obtain the net return.

PRELIMINARY OBSERVATIONS

LEARNING OBJECTIVE:
IDENTIFY OPPORTUNITIES TO IMPROVE A CLIENTS FINANCIAL SITUATION

PLANNING OBSERVATIONS

1

Spousal RRSP Contributions

2

Investment Property - Gameplan?

3

Rate of Return - Sequence of Returns

4

Insurance Needs

5

Dependant Planning

6

Estate Equalization for Chris (Bob's son)

7

Inheritance

8

Tax Planning in Retirement

9

Pension Planning

10

Any others?

OUR
OBSERVATIONS

2020

Bob 50
Linda 43

2043

Bob 73
Linda 65

Linda
Retires

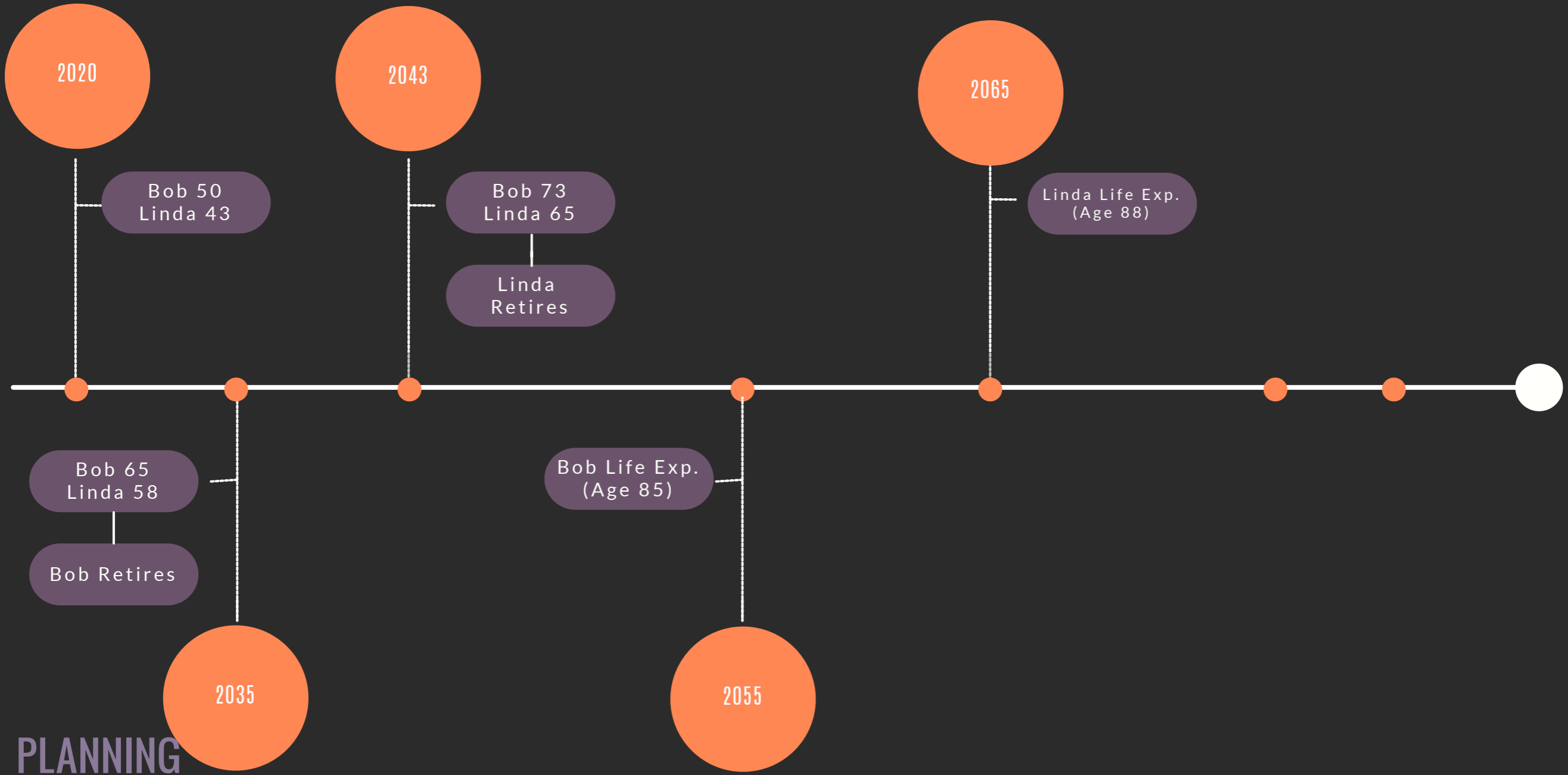
2035

Bob 65
Linda 58

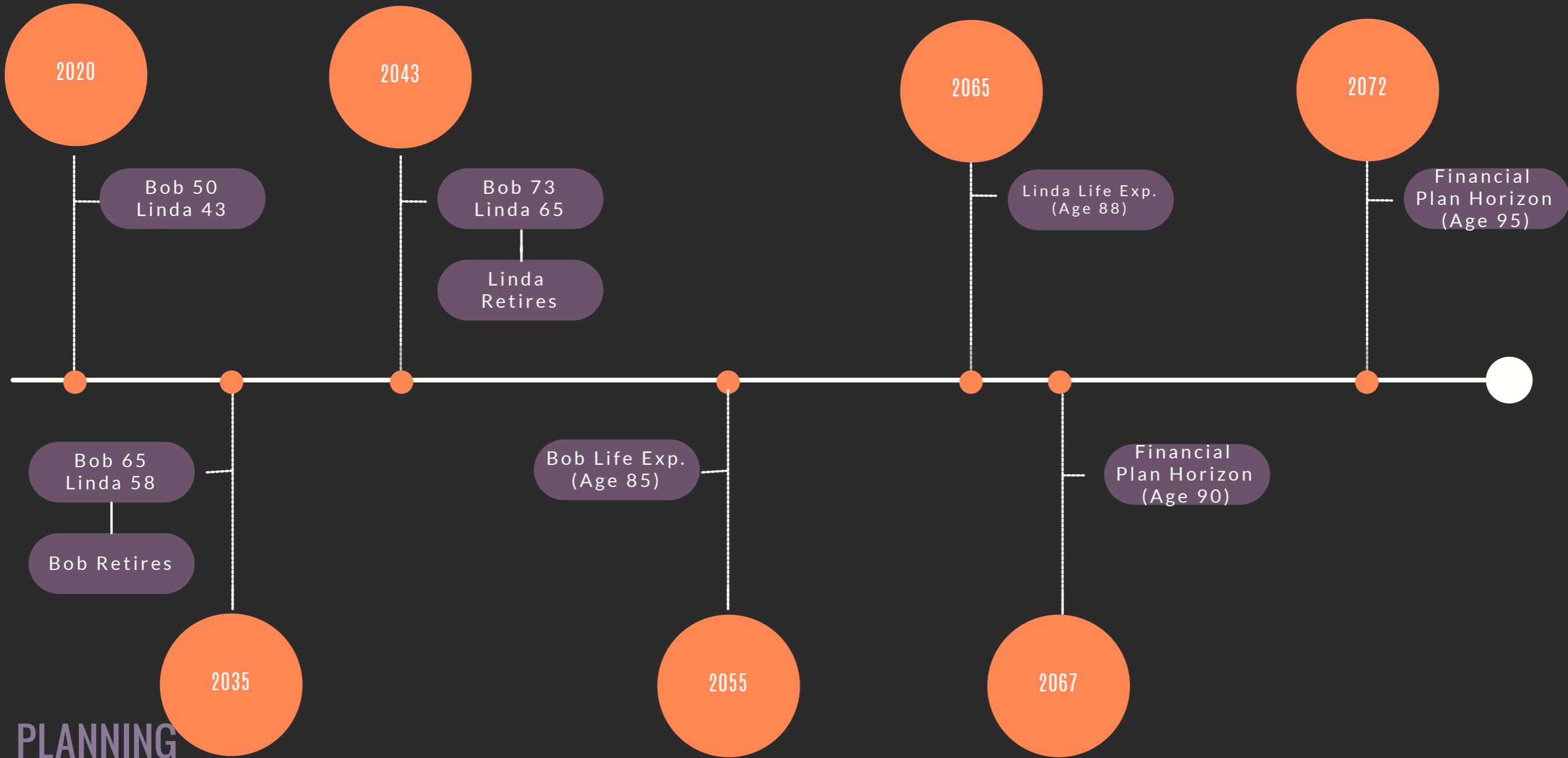
Bob Retires

PLANNING
TIMELINE





PLANNING TIMELINE



PLANNING
TIMELINE

BOB (M50)

50% Survival Rate: Age 89
 25% Survival Rate: Age 94 (+ 5 Years)
 10% Survival Rate: Age 98 (+ 9 Years)

LINDA (F43)

50% Survival Rate: Age 92
 25% Survival Rate: Age 97 (+ 5 Years)
 10% Survival Rate: Age 100 (+ 8 Years)

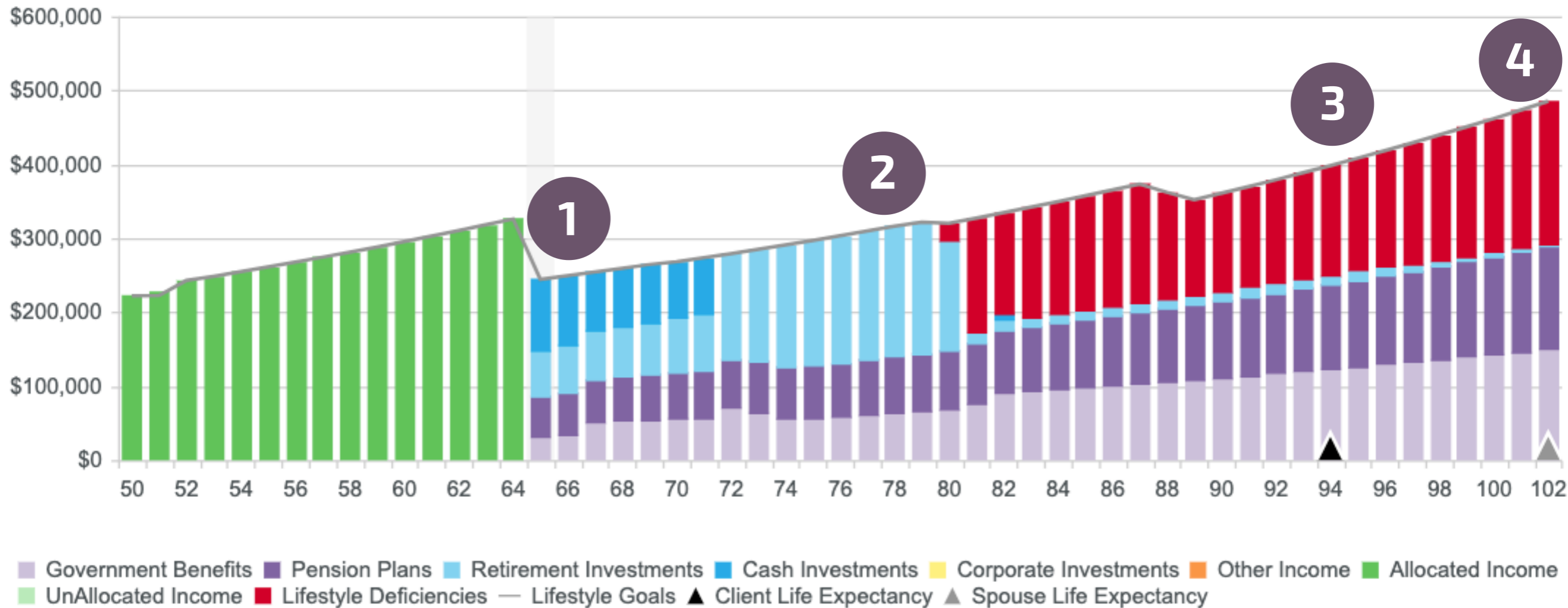
"It is recommended to assume a projection period for clients where the probability of outliving their capital is no more than 25%."

PROBABILITY OF SURVIVAL

Current Age	Probability of Survival																										
	10%			15%			20%			25%			30%			35%			40%			45%			50%		
	M	F	M/F	M	F	M/F	M	F	M/F	M	F	M/F	M	F	M/F	M	F	M/F	M	F	M/F	M	F	M/F	M	F	M/F
20	99	101	102	97	100	101	96	98	100	95	97	99	94	96	98	93	95	97	92	95	97	91	94	96	90	93	95
25	99	101	102	97	99	101	96	98	100	95	97	99	94	96	98	93	95	97	92	94	97	91	93	96	90	92	95
30	98	101	102	97	99	100	96	98	99	95	97	99	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95
35	98	100	102	97	99	100	96	98	99	95	97	98	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95
40	98	100	101	97	99	100	95	98	99	94	97	98	93	96	98	92	95	97	91	94	96	90	93	95	89	92	95
45	98	100	101	96	99	100	95	98	99	94	97	98	93	96	97	92	95	97	91	94	96	90	93	95	89	92	95
50	98	100	101	96	99	100	95	97	99	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95	89	91	94
55	98	100	101	96	98	100	95	97	99	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95	89	91	94
60	97	100	101	96	98	100	95	97	99	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95	89	91	94
65	97	100	101	96	98	99	95	97	98	94	96	98	93	95	97	92	94	96	91	93	95	90	92	95	89	91	94
70	97	100	101	96	98	99	95	97	98	94	96	98	93	95	97	92	94	96	91	93	95	90	92	95	89	91	94
75	97	100	101	96	98	99	95	97	98	94	96	98	93	95	97	92	94	96	91	93	95	90	92	95	89	91	94
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95	101	102	103	100	101	102	100	101	102	99	100	101	99	100	101	98	99	100	98	99	100	98	98	100	97	98	99
100	105	105	106	104	104	105	103	104	105	103	103	104	103	103	104	102	103	104	102	102	103	102	102	103	102	102	103

FINANCIAL PLANNING RESULTS

LEARNING OBJECTIVE:
PREPARE A FINANCIAL PLAN AND ANALYSIS



BASE PLAN CASHFLOW ANALYSIS

Option #1: Reduce Lifestyle

Estimated amount you will need to reduce your retirement lifestyle by: \$28,800.00

1

Planned Retirement Lifestyle: \$134,400.00

Attainable Retirement Lifestyle: \$105,600.00



Option #2: Work Longer

Estimated number of years you will need to continue working beyond your planned retirement age: 7

2

Planned Retirement Age: 65

Attainable Retirement Age: 72



Option #3: Earn More Return

Estimated increase to portfolio rate of return you will need to earn: 1.82 %

3

Portfolio Rate of Return: 4.41 %

Required Rate of Return: 6.22 %



Option #4: Save More

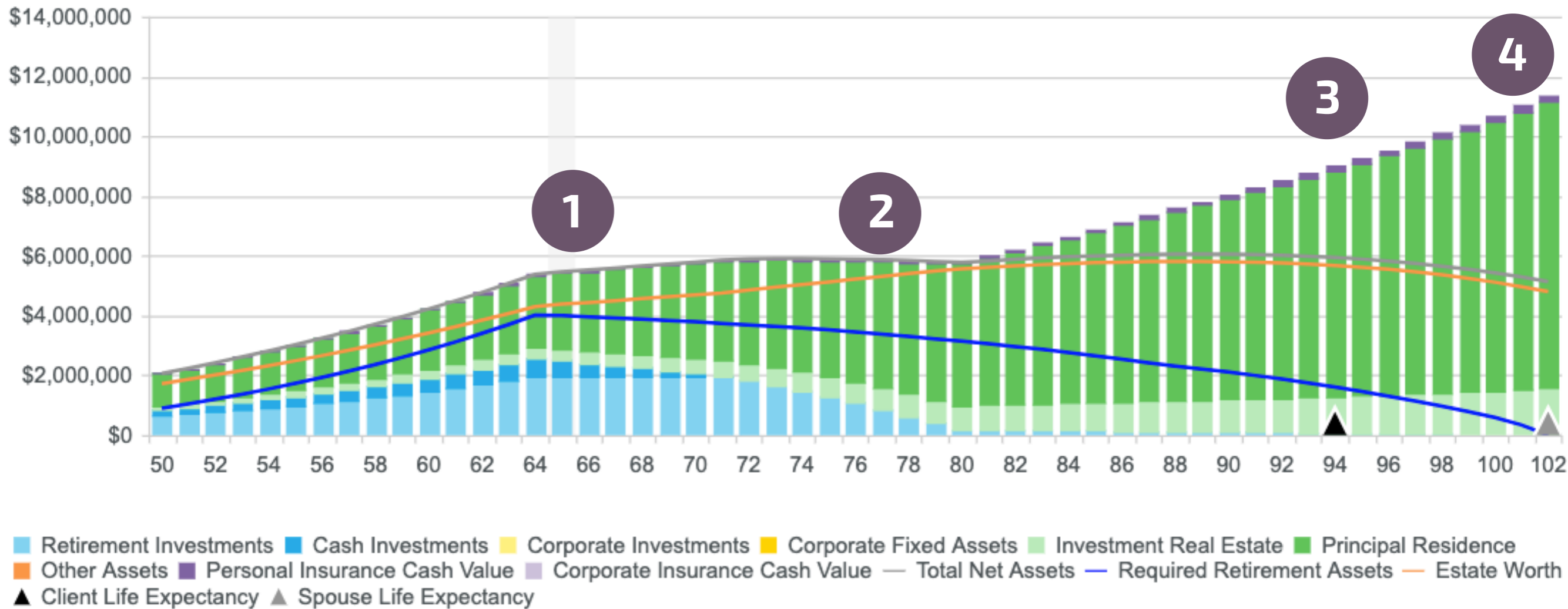
Estimated additional amount you will need to save each year: \$56,610.00

4

Projected Capital at Retirement: \$2,571,000.00

Required Capital at Retirement: \$4,022,300.00





BASE PLAN FINANCIAL ASSETS

PLANNING OBSERVATIONS

INSURANCE

PLANNING OBSERVATIONS

1

Spousal RRSP Contributions

2

Investment Property - Gameplan?

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Rate of Return - Sequence of Returns

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Insurance Needs (Risk)

5

Dependant Planning

6

Estate Equalization for Chris (Bob's son)

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Inheritance

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Tax Planning in Retirement

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Pension Planning

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Any others?

OBVIOUS INSURANCE
OBSERVATIONS

PLANNING OBSERVATIONS

1

Spousal RRSP Contributions

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Investment Property - Gameplan?

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Rate of Return - Sequence of Returns

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Any others?


ALL INSURANCE
OBSERVATIONS

Living Benefits ("Not Dying")




Life Insurance

Term vs. Permanent



Long Term Disability Insurance

--Provides a Monthly Income--
Insure Lost Savings, Cost for
Treatment & Debt
Elimination/reduction



Critical Illness Insurance

--Provides a Lump Sum--
Insure Lost Savings, Cost for
Treatment & Debt
Elimination/reduction



Long Term Care Insurance

--Provides a Weekly Benefit--
Costs associated with lack of
mobility, cognitive function or
care facilities

UNDERSTANDING INSURANCE OPTIONS
OBSERVATIONS

Year	Client	Personal Assets	Personal Liabilities	Corporate Assets	Corporate Liabilities	Net Worth	Personal Estate Tax	Corporate Deferred Tax	Personal Insurance	Corporate Insurance	Estate Worth
2020	50	\$3,237,961	(\$1,178,700)	\$0	\$0	\$2,059,260	(\$387,356)	\$0	\$50,228	\$0	\$1,722,132
2021	51	\$3,392,878	(\$1,156,914)	\$0	\$0	\$2,235,963	(\$422,888)	\$0	\$50,574	\$0	\$1,863,650
2022	52	\$3,554,854	(\$1,134,630)	\$0	\$0	\$2,420,224	(\$460,524)	\$0	\$51,031	\$0	\$2,010,730
2023	53	\$3,724,217	(\$1,111,837)	\$0	\$0	\$2,612,380	(\$500,379)	\$0	\$51,593	\$0	\$2,163,594
2024	54	\$3,901,571	(\$1,088,523)	\$0	\$0	\$2,813,048	(\$542,570)	\$0	\$51,999	\$0	\$2,322,477
2025	55	\$4,087,128	(\$1,064,676)	\$0	\$0	\$3,022,452	(\$587,224)	\$0	\$52,390	\$0	\$2,487,618
2026	56	\$4,281,638	(\$1,040,283)	\$0	\$0	\$3,241,354	(\$634,472)	\$0	\$52,388	\$0	\$2,659,271
2027	57	\$4,485,247	(\$1,015,333)	\$0	\$0	\$3,469,914	(\$684,451)	\$0	\$52,239	\$0	\$2,837,702
2028	58	\$4,698,378	(\$989,813)	\$0	\$0	\$3,708,565	(\$737,309)	\$0	\$51,925	\$0	\$3,023,181
2029	59	\$4,921,472	(\$963,709)	\$0	\$0	\$3,957,764	(\$793,197)	\$0	\$51,434	\$0	\$3,216,001
2030	60	\$5,154,994	(\$937,007)	\$0	\$0	\$4,217,987	(\$852,276)	\$0	\$50,750	\$0	\$3,416,461
2031	61	\$5,399,430	(\$909,696)	\$0	\$0	\$4,489,735	(\$914,717)	\$0	\$49,861	\$0	\$3,624,879
2032	62	\$5,655,288	(\$881,759)	\$0	\$0	\$4,773,530	(\$980,696)	\$0	\$48,752	\$0	\$3,841,585
2033	63	\$5,923,102	(\$853,183)	\$0	\$0	\$5,069,919	(\$1,050,401)	\$0	\$47,408	\$0	\$4,066,926
2034	64	\$6,203,429	(\$823,953)	\$0	\$0	\$5,379,476	(\$1,124,028)	\$0	\$45,815	\$0	\$4,301,262
2035	65	\$6,257,672	(\$794,054)	\$0	\$0	\$5,463,618	(\$1,131,235)	\$0	\$46,310	\$0	\$4,378,692
2036	66	\$6,286,034	(\$763,471)	\$0	\$0	\$5,522,563	(\$1,137,447)	\$0	\$47,157	\$0	\$4,432,273
2037	67	\$6,325,894	(\$732,188)	\$0	\$0	\$5,593,706	(\$1,142,632)	\$0	\$48,013	\$0	\$4,499,087
2038	68	\$6,360,847	(\$700,189)	\$0	\$0	\$5,660,658	(\$1,146,779)	\$0	\$48,870	\$0	\$4,562,749
2039	69	\$6,392,927	(\$667,457)	\$0	\$0	\$5,725,470	(\$1,149,681)	\$0	\$49,724	\$0	\$4,625,513
2040	70	\$6,423,956	(\$633,976)	\$0	\$0	\$5,789,980	(\$1,151,335)	\$0	\$50,482	\$0	\$4,689,127
2041	71	\$6,452,152	(\$599,728)	\$0	\$0	\$5,852,425	(\$1,151,628)	\$0	\$51,179	\$0	\$4,751,976
2042	72	\$6,461,071	(\$564,695)	\$0	\$0	\$5,896,376	(\$1,098,718)	\$0	\$51,815	\$0	\$4,849,473
2043	73	\$6,440,835	(\$528,860)	\$0	\$0	\$5,911,975	(\$1,017,949)	\$0	\$52,386	\$0	\$4,946,412
2044	74	\$6,398,973	(\$492,204)	\$0	\$0	\$5,906,769	(\$923,472)	\$0	\$52,890	\$0	\$5,036,187
2045	75	\$6,351,742	(\$454,708)	\$0	\$0	\$5,897,034	(\$823,924)	\$0	\$53,327	\$0	\$5,126,437
2046	76	\$6,301,463	(\$416,353)	\$0	\$0	\$5,885,110	(\$720,483)	\$0	\$53,693	\$0	\$5,218,320
2047	77	\$6,245,382	(\$377,119)	\$0	\$0	\$5,868,262	(\$611,603)	\$0	\$53,984	\$0	\$5,310,644
2048	78	\$6,181,147	(\$336,986)	\$0	\$0	\$5,844,162	(\$495,956)	\$0	\$54,200	\$0	\$5,402,406
2049	79	\$6,109,526	(\$297,292)	\$0	\$0	\$5,812,234	(\$373,879)	\$0	\$54,338	\$0	\$5,492,693
2050	80	\$6,072,265	(\$291,314)	\$0	\$0	\$5,780,952	(\$267,644)	\$0	\$54,397	\$0	\$5,567,704
2051	81	\$6,243,881	(\$417,707)	\$0	\$0	\$5,826,175	(\$270,593)	\$0	\$54,377	\$0	\$5,609,959
2052	82	\$6,420,659	(\$538,820)	\$0	\$0	\$5,881,839	(\$273,594)	\$0	\$54,278	\$0	\$5,662,523
2053	83	\$6,602,736	(\$677,833)	\$0	\$0	\$5,924,902	(\$276,641)	\$0	\$54,100	\$0	\$5,702,361
2054	84	\$6,790,288	(\$827,930)	\$0	\$0	\$5,962,357	(\$279,740)	\$0	\$53,842	\$0	\$5,736,459
2055	85	\$6,983,483	(\$989,770)	\$0	\$0	\$5,993,713	(\$282,895)	\$0	\$53,506	\$0	\$5,764,324
2056	86	\$7,182,479	(\$1,164,032)	\$0	\$0	\$6,018,446	(\$286,099)	\$0	\$53,093	\$0	\$5,785,440
2057	87	\$7,387,474	(\$1,351,461)	\$0	\$0	\$6,036,013	(\$289,364)	\$0	\$52,600	\$0	\$5,799,249
2058	88	\$7,598,643	(\$1,552,570)	\$0	\$0	\$6,046,073	(\$292,689)	\$0	\$52,029	\$0	\$5,805,414
2059	89	\$7,816,169	(\$1,767,607)	\$0	\$0	\$6,048,562	(\$296,071)	\$0	\$51,380	\$0	\$5,803,871
2060	90	\$8,040,249	(\$1,997,081)	\$0	\$0	\$6,043,167	(\$299,515)	\$0	\$50,653	\$0	\$5,794,305

BASE PLAN ESTATE LEDGER



IMMEDIATE
FINANCIAL
POSITION

TEMPORARY



LIFESTYLE
REPLACEMENT

TEMPORARY



ESTATE/LEGACY
PLANNING

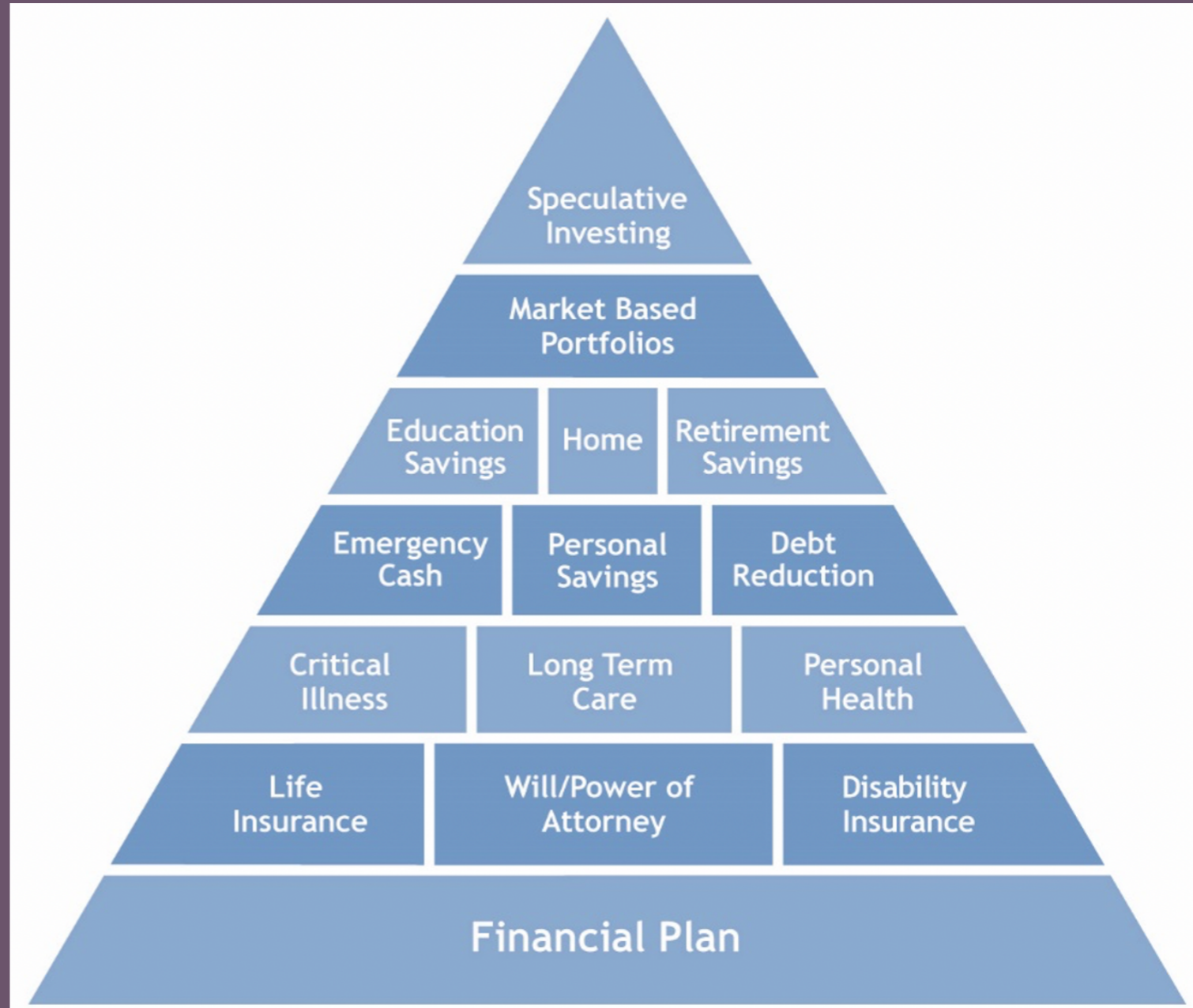
PERMANENT

BASE PLAN
INSURANCE INTRODUCTION

The Financial Planning Pyramid

The Financial Planning Pyramid is one of the most useful tools to help start your plan. Your income is the foundation of your plan and without it nothing else would be possible.

But what would happen to the pyramid if the primary foundation, your income, was removed?



BASE PLAN

INSURANCE INTRODUCTION

Family Cash Needs at Death

When you die, your family will face two important money needs, a need for Cash and a need for Income. While some cash needs are temporary, others are required at all stages of life, so are identified as “Permanent Cash Needs”.

Cash Needs	Bob	Lynda
Last Expenses	\$20,000 ^P	\$20,000 ^P
Legal and Executor Fees	\$5,000 ^P	\$5,000 ^P
Outstanding Loans	\$0	\$0
Mortgage Redemption	\$1,200,000	\$1,200,000
Emergency Fund	\$0 ^P	\$0 ^P
Education Fund	\$100,000	\$100,000
Credit Cards	\$0	\$0
Terminal Tax	\$0 ^P	\$0 ^P
Total	\$1,325,000	\$1,325,000
Permanent Cash Needs (P)	\$25,000 ^P	\$25,000 ^P

BASE PLAN

IMMEDIATE FINANCIAL POSITION

* Calculation of income replacement:

Total net income: 16,000

Expenses:

- Mortgage: (\$4,000)
- Child Expenses: (\$4,000)
- RRSP Savings: (\$2,300)
- TFSA Savings: (\$1,000)
- Non Discretionary: \$11,300 (68%-70% of total net)

Discretionary Spending: \$4,700/mth

After the children are no longer dependent:

Expenses:

- Mortgage: (\$4,000)
- Child Expenses: (\$0)
- RRSP Savings: (\$2,300)
- TFSA Savings: (\$1,000)
- Non Discretionary: \$7,300 (43%-45% of total net)

Family Income Needs at Death

When you die, your family will face two important money needs, a need for Cash and a need for Income.

Income Needs

Current Total Annual Family Income	\$340,000
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Percentage of this income you want your family to have to maintain your present standard of living for these time periods is:

While your children are dependent	68 %*
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For survivor thereafter	43 %*
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Therefore your desired income is:

While your children are dependent	\$231,200
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For survivor thereafter	\$146,200
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Family Cash Sources at Death

Cash Sources	Bob	Lynda
Canada Pension Plan Lump Sum Death Benefit	\$2,500	\$2,500
Lynda Sunlife Par Plan		\$50,000
Cash/Term Deposits	\$0	\$0
Bond, Stocks etc.	\$0	\$0
Pension and RRSP	\$0	\$0
Other Cash Assets	\$0	\$0
Total Cash Available	\$2,500	\$52,500
Less Family Cash needs at Death	\$1,325,000	\$1,325,000
Surplus Cash available to produce income for surviving members of the family	-\$1,322,500	-\$1,272,500

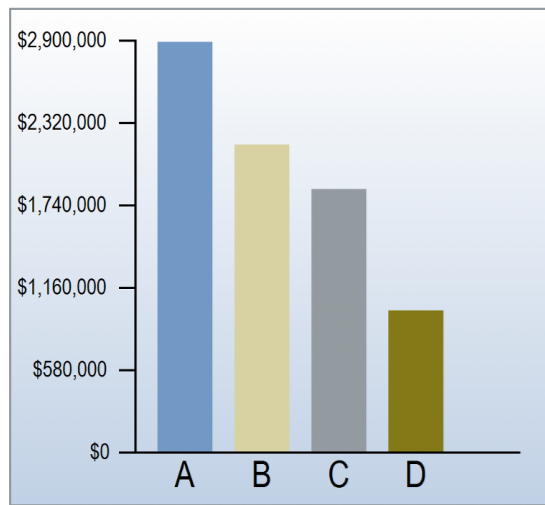
BASE PLAN

IMMEDIATE FINANCIAL POSITION

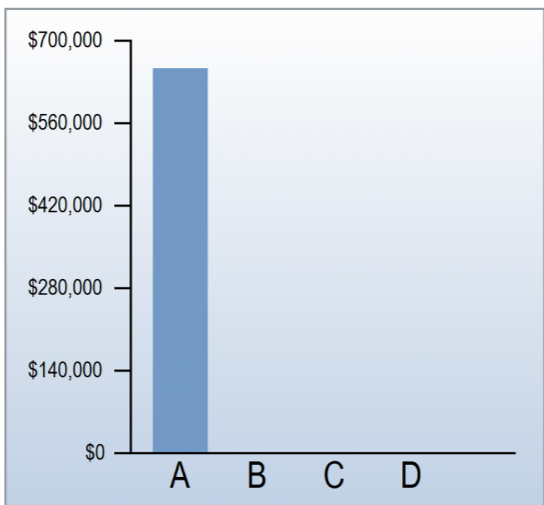
Family Income Sources at Death

Income Sources	If Bob	If Lynda
Canada Pension Plan Survivor's Pension	\$7,520	\$7,520
Canada Pension Plan Orphan's Benefit	\$6,006	\$6,006
Survivor's Income	\$90,000	\$250,000
Other Retirement Income	\$100,000	\$100,000
Therefore the total annual income available for this time period is:		
While your children are dependent	\$103,526	\$263,526
For survivor thereafter	\$97,520	\$257,520
The additional income required (desired income less income available) for this time period is:		
While your children are dependent	\$127,674	\$0
For survivor thereafter	\$48,680	\$0

BASE PLAN
LIFESTYLE REPLACEMENT



Bob

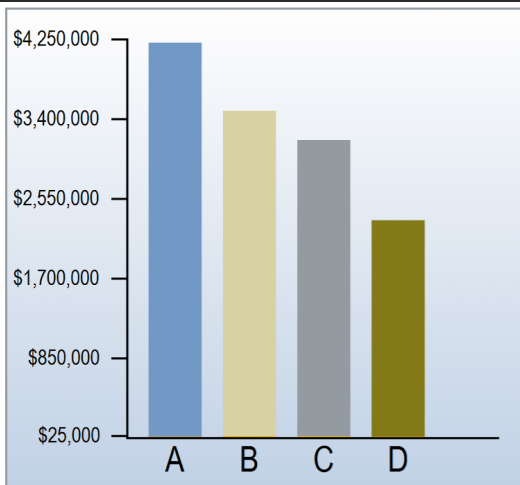


Lynda

Life Insurance Analysis

Your Family Income Position at Death	If Bob	If Lynda
The additional income required (desired income less income available) for this time period is:		
While your children are dependent	\$127,674	\$0
For survivor thereafter	\$48,680	\$0
Rate of inflation you think will continue	2.50 %	2.50 %
Rate of interest the survivor could earn on investments in future years	3.00 %	3.00 %
Using these factors the total capital required to generate an inflation indexed income thus depleting all capital at the end of this time period is:		
A. For survivor's normal life expectancy (age 84 / 87)	\$2,896,043	\$654,152
B. Until survivor is age 65	\$2,169,206	\$0
C. Until youngest child is age 25	\$1,857,007	\$0
D. Until youngest child is age 18	\$1,004,205	\$0

BASE PLAN
LIFESTYLE REPLACEMENT



Life Insurance Analysis

Your Family Financial Position at Death	Bob	Lynda
Present surplus capital available for investment after covering cash needs is:	-\$1,322,500	-\$1,272,500
Therefore the additional income-producing capital (i.e. Life Insurance) needed to solve the income requirement for these time periods is:		
A. For survivor's normal life expectancy (age 84 / 87)	\$4,218,543	\$1,926,652
B. Until survivor is age 65	\$3,491,706	\$1,272,500
C. Until youngest child is age 25	\$3,179,507	\$1,272,500
D. Until youngest child is age 18	\$2,326,705	\$1,272,500
As an additional recommendation, as you have identified a permanent cash need at death, you should maintain at least this amount of permanent life insurance coverage as part of your portfolio.	\$25,000	\$25,000

BASE PLAN
IMMEDIATE FINANCIAL POSITION



IMMEDIATE
FINANCIAL
POSITION

TEMPORARY



LIFESTYLE
REPLACEMENT

TEMPORARY



ESTATE/LEGACY
PLANNING

PERMANENT

BASE PLAN
INSURANCE INTRODUCTION

LIVING BENEFITS

LONG TERM DISABILITY INSURANCE

What is your earning potential?

Annual Income	\$250,000	\$300,000	\$350,000	\$400,000
Age 50	\$4,482,982	\$5,379,578	\$6,276,174	\$7,172,771
Age 55	\$2,800,845	\$3,361,015	\$3,921,184	\$4,481,353
Age 60	\$1,314,082	\$1,576,899	\$1,839,715	\$2,102,531
Age 64	\$250,000	\$300,000	\$350,000	\$400,000

(Earnings to age 65, indexed at an inflation rate of 2.50 %)

BASE PLAN
LIVING BENEFITS

Age Disability Occurred	Percentage of Claims
Under 35	5%
35-44	22%
45-54	41%
55 plus	32%

Occupation	Date Disabled	Cause of Claim	Age When Diagnosed	Claim Paid to Date*
Endocrinologist	2008	Severe eczema	46	\$878,152
Plumber	2001	Pain and chronic fatigue	46	\$748,321
Marketing manager	1991	Chronic pain, kidney disorder	42	\$2,316,932
Dental hygienist	1998	Major depression	37	\$637,846
Project Manager	2004	Rheumatoid arthritis	47	\$779,631
Accountant	2010	Progressive/terminal cancer	50	\$609,365
Medical professional	1994	Cancer, HIV+	33	\$283,612
Self-employed	2008	Degenerative disc disease	38	\$377,469
Speech therapist	2010	Anxiety disorder	53	\$300,863
Business consultant	2007	Cancer, severe obstructive sleep apnea	40	\$614,992
Urologist	2006	Essential tremor	39	\$1,175,027

**BASE PLAN
LIVING BENEFITS**

Monthly Disability Insurance Benefits and Additional Income	
Group Disability Insurance Benefit	\$2,000
Individual Income Replacement Benefit	\$0
CPP Disability Benefit	\$0
Additional Household Income	\$0
Total Monthly Disability Benefits and Additional Income	\$2,000

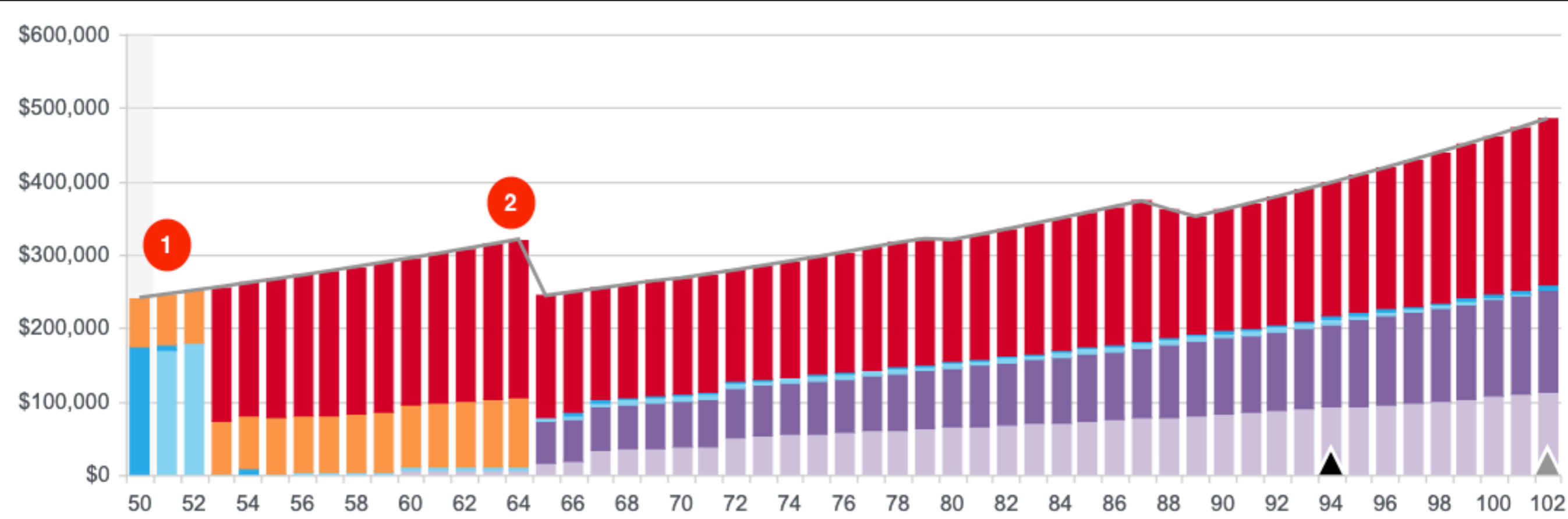
Monthly Expenses	
Mortgage/Rent	\$4,000
Utilities and Household Expenses	\$700
Groceries and Household Supplies	\$1,000
Car Payments (Loan, Gas, Maintenance and Repairs)	\$1,000
Loans and Credit Cards	\$0
Insurance Premiums	\$0
Childcare	\$4,000
Savings and Investments	\$3,300
Other Monthly Expenses	\$2,000
Total Monthly Expenses	\$16,000
Monthly Disability Income Gap	-\$14,000

CPP disability benefit

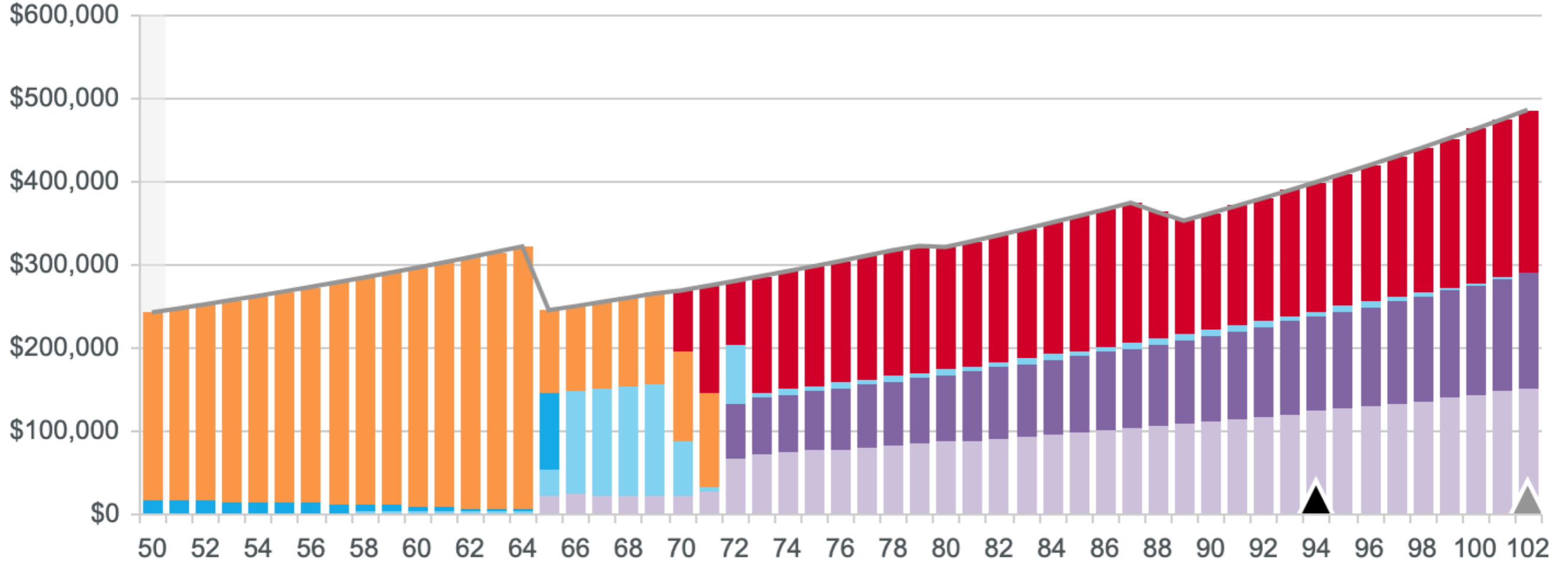
The disability benefit is a monthly payment you can get if you:

- are under 65
- contributed enough to the Canada Pension Plan
- have a mental or physical disability that regularly stops you from doing any type of substantially gainful work
- have a disability that is long-term and of indefinite duration, or is likely to result in death

**BASE PLAN
LIVING BENEFITS**



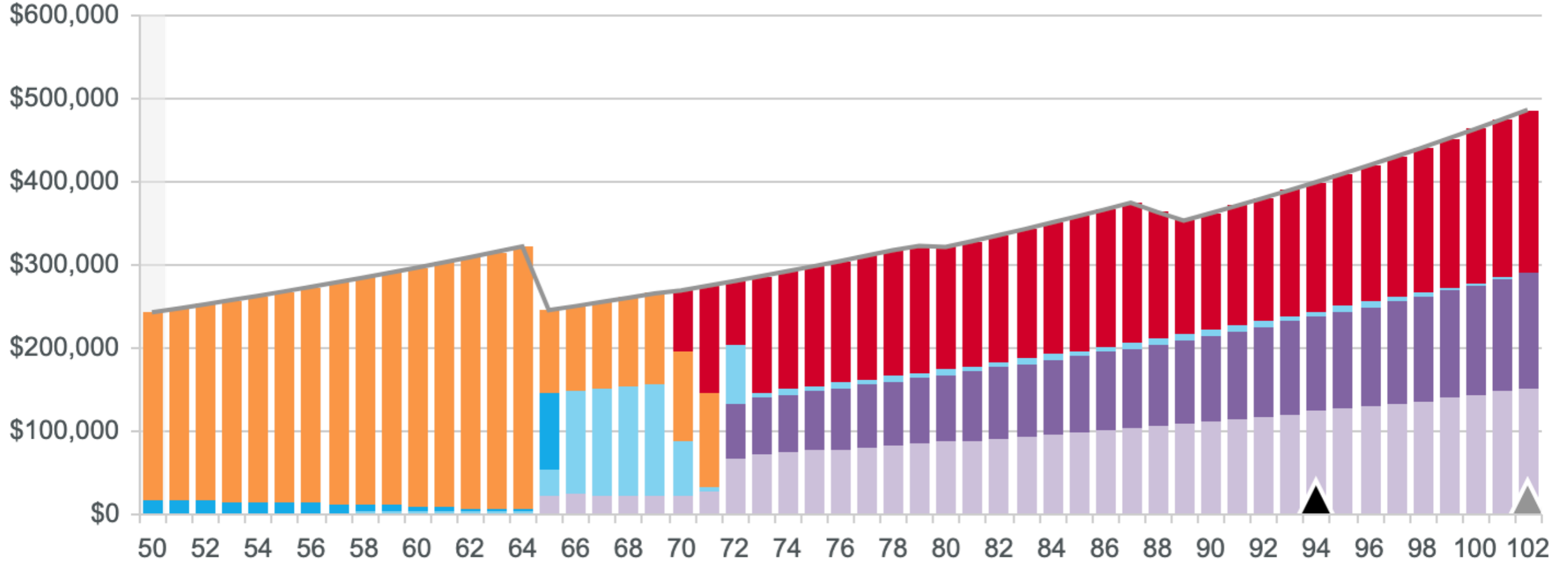
DISABILITY IN THE RETIREMENT PLAN LIVING BENEFITS



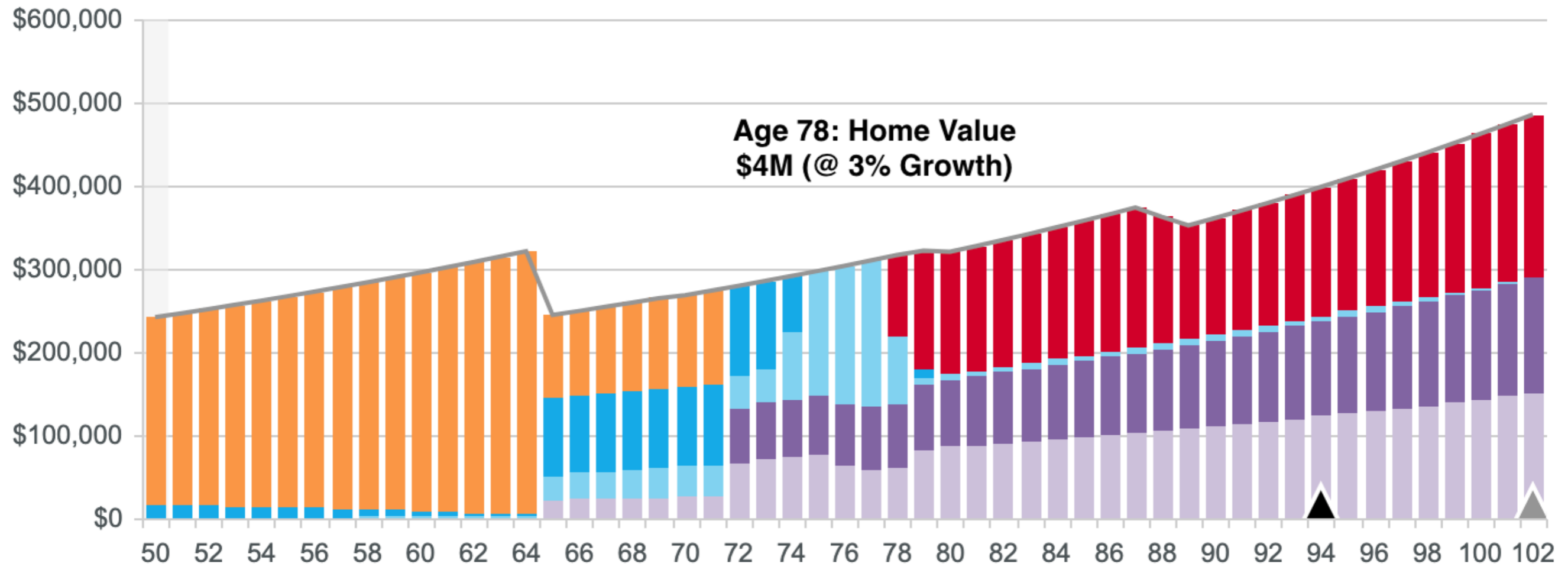
IMPACT OF LONG TERM DISABILITY INSURANCE LIVING BENEFITS

LIVING BENEFITS

THE IMPACT OF A CATASTROPHIC HEALTH EVENT TO THE PLAN



IMPACT OF LONG TERM DISABILITY INSURANCE LIVING BENEFITS



ADD CRITICAL ILLNESS INSURANCE
LIVING BENEFITS

Replacing Lost Income

Replacing Lost Income Estimate a minimum of 6 months salary - take into account any disability insurance coverage	\$125,000
Loss of Income from Spouse's Job Estimate a minimum of 3 months salary for spouse to take leave of absence	\$22,500
Subtotal	\$147,500

Covering Current Expenses

Mortgage Payments Estimate 6 months	\$24,000
Other Debt Payments Line of credit, credit card, car loan - estimate 6 months	\$0
Subtotal	\$24,000

Health Recovery Expenses

Childcare	\$4,000
Homecare Nursing, housekeeping, meal preparation	\$10,000
Medication Not covered under provincial plans	\$7,000
Hospital Room upgrades, parking, travel, accommodation for family members	\$5,000
Medical Equipment Scooter, wheelchair, rental or purchase	\$6,000
Subtotal	\$32,000
Total	\$203,500

BASE PLAN

LIVING BENEFITS - CRITICAL ILLNESS

A photograph of a baseball field with a white baseball with red stitching resting on the brown dirt. The background shows a blurred baseball field with a fence and a building. Two white text boxes with rounded corners are overlaid on the image. The top box contains the text 'LIFE'S CURVEBALLS :'. The bottom box contains the text 'PREPARE TO BE UNPREPARED'. In the bottom right corner, there is a small red heart icon followed by the text 'INVISIBLYME.COM'.

LIFE'S CURVEBALLS :

PREPARE TO BE UNPREPARED

♥ INVISIBLYME.COM

EXECUTIVE MEDICALS

"THE RESULTS ARE IN"

1

Bob is Asymptomatic, Normal Ejection Fraction, Mild to Moderate

2

Rated for Life Insurance, Declined for living benefits

AORTIC REGURGITATION

Source: PPI Know the Risk

	Unoperated	Life	CI	DI
Asymptomatic, Normal Ejection Fraction, Mild Regurgitation:				
Age < 30		Blue	Red	Red
Age 30-39		Blue	Red	Red
Age 40-49		Light Blue	Blue	Blue
Age 50-59		Light Blue	Blue	Blue
Age 60-69		Dark Green	Blue	Blue
Age > 70		Dark Green	Blue	Blue
Asymptomatic, Normal Ejection Fraction, Moderate Regurgitation:				
Age < 30		Red	Red	Red
Age 30-39		Yellow	Red	Red
Age 40-49		Blue	Red	Red
Age 50-59	★	Blue	Red	Red
Age 60-69		Light Blue	Red	Red
Age > 70		Light Blue	Red	Red
Asymptomatic, Normal Ejection Fraction, Severe Regurgitation:				
Age < 30		Red	Red	Red
Age 30-39		Red	Red	Red
Age 40-49		Red	Red	Red
Age 50-59		Red	Red	Red
Age 60-69		Red	Red	Red
Age > 70		Red	Red	Red
No surgery with reduced ejection fraction (EF of 45-50%)		Orange	Red	Red
No surgery with symptoms		Orange	Red	Red

1

Typical life expectancy is 85 years

2

Anticipated Rating: 150%+

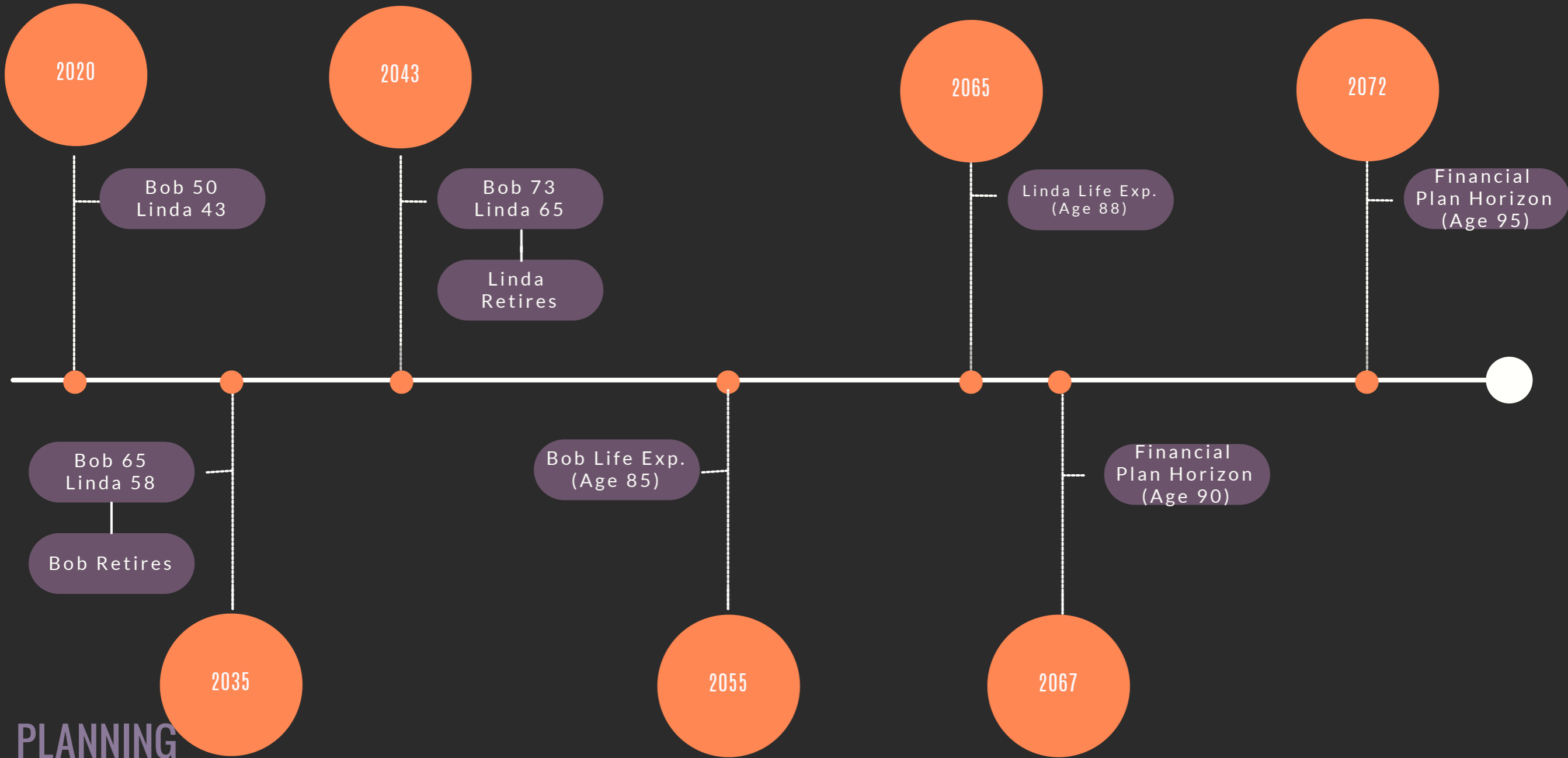
3

150% Rating: +4 Years
200% Rating: +7 Years
250% Rating: +9 Years
350% Rating (decline): +12 Years

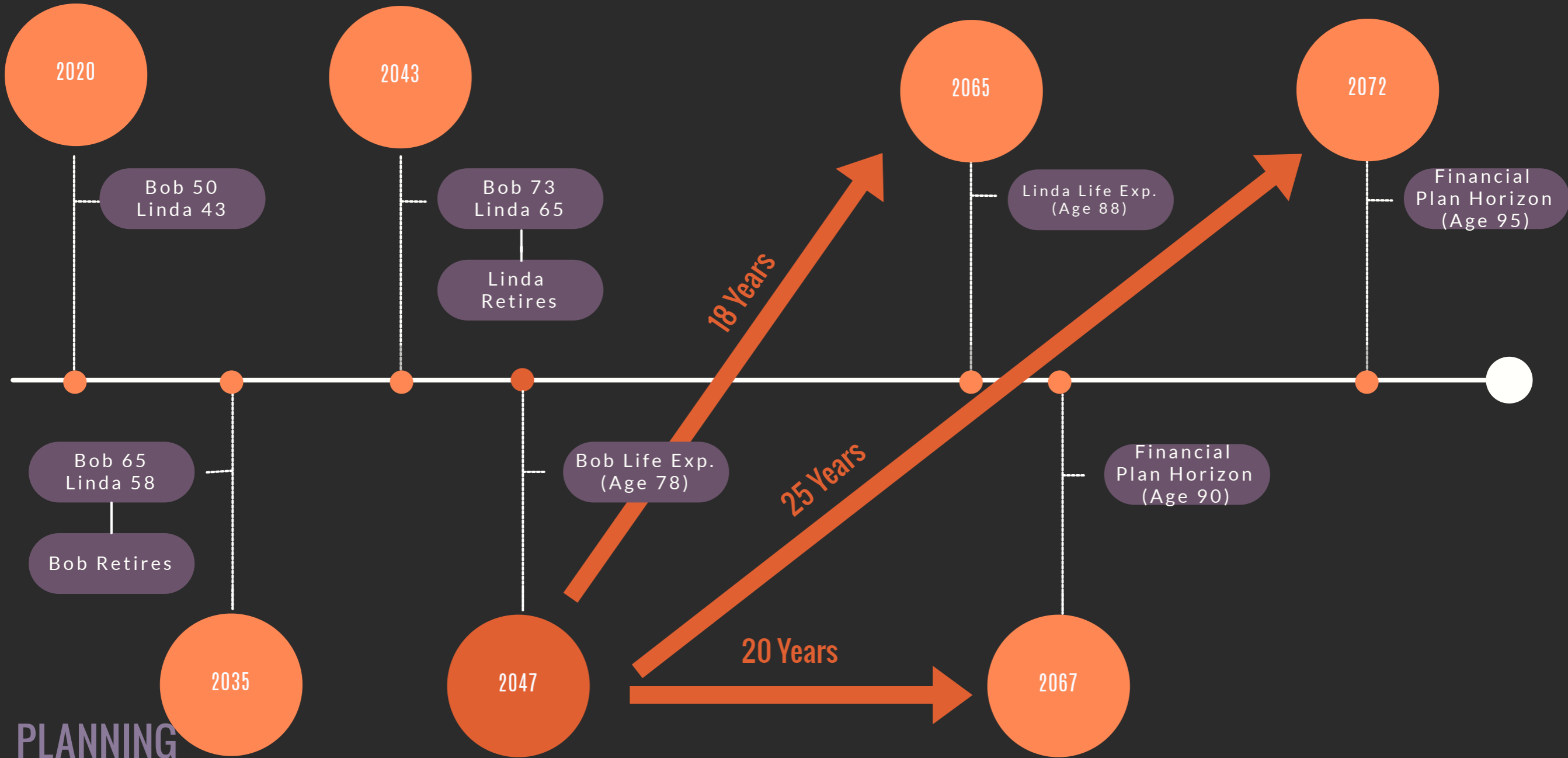
AORTIC REGURGITATION

Source: BMO Wave 43.0

NON-SMOKER						SMOKER					
MALE			FEMALE			MALE			FEMALE		
Age	Life Exp.*	Age at Death	Age	Life Exp.*	Age at Death	Age	Life Exp.*	Age at Death	Age	Life Exp.*	Age at Death
20	63.9	83.9	20	67.6	87.6	20	57.9	77.9	20	63.2	83.2
21	62.9	83.9	21	66.6	87.6	21	56.9	77.9	21	62.2	83.2
22	61.9	83.9	22	65.6	87.6	22	56.0	78.0	22	61.2	83.2
23	61.0	84.0	23	64.6	87.6	23	55.0	78.0	23	60.2	83.2
24	60.0	84.0	24	63.6	87.6	24	54.1	78.1	24	59.3	83.3
25	59.0	84.0	25	62.6	87.6	25	53.1	78.1	25	58.3	83.3
26	58.1	84.1	26	61.6	87.6	26	52.1	78.1	26	57.3	83.3
27	57.1	84.1	27	60.7	87.7	27	51.2	78.2	27	56.3	83.3
28	56.1	84.1	28	59.7	87.7	28	50.2	78.2	28	55.3	83.3
29	55.2	84.2	29	58.7	87.7	29	49.3	78.3	29	54.3	83.3
30	54.2	84.2	30	57.7	87.7	30	48.3	78.3	30	53.3	83.3
31	53.2	84.2	31	56.7	87.7	31	47.4	78.4	31	52.4	83.4
32	52.3	84.3	32	55.7	87.7	32	46.4	78.4	32	51.4	83.4
33	51.3	84.3	33	54.8	87.8	33	45.4	78.4	33	50.4	83.4
34	50.3	84.3	34	53.8	87.8	34	44.5	78.5	34	49.4	83.4
35	49.4	84.4	35	52.8	87.8	35	43.5	78.5	35	48.5	83.5
36	48.4	84.4	36	51.8	87.8	36	42.6	78.6	36	47.5	83.5
37	47.4	84.4	37	50.8	87.8	37	41.6	78.6	37	46.5	83.5
38	46.5	84.5	38	49.9	87.9	38	40.7	78.7	38	45.5	83.5
39	45.5	84.5	39	48.9	87.9	39	39.7	78.7	39	44.6	83.6
40	44.5	84.5	40	47.9	87.9	40	38.8	78.8	40	43.6	83.6
41	43.6	84.6	41	46.9	87.9	41	37.8	78.8	41	42.7	83.7
42	42.6	84.6	42	46.0	88.0	42	36.9	78.9	42	41.7	83.7
43	41.7	84.7	43	45.0	88.0	43	35.9	78.9	43	40.8	83.8
44	40.7	84.7	44	44.0	88.0	44	35.0	79.0	44	39.8	83.8
45	39.7	84.7	45	43.1	88.1	45	34.1	79.1	45	38.9	83.9
46	38.8	84.8	46	42.1	88.1	46	33.2	79.2	46	38.0	84.0
47	37.8	84.8	47	41.1	88.1	47	32.2	79.2	47	37.0	84.0
48	36.9	84.9	48	40.2	88.2	48	31.3	79.3	48	36.1	84.1
49	36.0	85.0	49	39.2	88.2	49	30.4	79.4	49	35.2	84.2
50	35.0	85.0	50	38.3	88.3	50	29.6	79.6	50	34.3	84.3
51	34.1	85.1	51	37.3	88.3	51	28.7	79.7	51	33.4	84.4
52	33.2	85.2	52	36.4	88.4	52	27.8	79.8	52	32.6	84.6
53	32.2	85.2	53	35.4	88.4	53	26.9	79.9	53	31.7	84.7
54	31.3	85.3	54	34.5	88.5	54	26.1	80.1	54	30.9	84.9
55	30.4	85.4	55	33.6	88.6	55	25.3	80.3	55	30.0	85.0
56	29.5	85.5	56	32.7	88.7	56	24.4	80.4	56	29.2	85.2
57	28.6	85.6	57	31.7	88.7	57	23.6	80.6	57	28.4	85.4
58	27.7	85.7	58	30.8	88.8	58	22.9	80.9	58	27.6	85.6
59	26.9	85.9	59	29.9	88.9	59	22.1	81.1	59	26.8	85.8
60	26.0	86.0	60	29.0	89.0	60	21.3	81.3	60	26.0	86.0
61	25.1	86.1	61	28.1	89.1	61	20.6	81.6	61	25.2	86.2
62	24.3	86.3	62	27.3	89.3	62	19.9	81.9	62	24.5	86.5
63	23.5	86.5	63	26.4	89.4	63	19.2	82.2	63	23.7	86.7
64	22.7	86.7	64	25.5	89.5	64	18.5	82.5	64	23.0	87.0
65	21.9	86.9	65	24.7	89.7	65	17.9	82.9	65	22.3	87.3
66	21.1	87.1	66	23.8	89.8	66	17.2	83.2	66	21.6	87.6
67	20.3	87.3	67	23.0	90.0	67	16.6	83.6	67	20.8	87.8
68	19.5	87.5	68	22.2	90.2	68	16.0	84.0	68	20.1	88.1
69	18.8	87.8	69	21.4	90.4	69	15.4	84.4	69	19.5	88.5
70	18.0	88.0	70	20.5	90.5	70	14.9	84.9	70	18.8	88.8
71	17.3	88.3	71	19.8	90.8	71	14.3	85.3	71	18.1	89.1
72	16.6	88.6	72	19.0	91.0	72	13.8	85.8	72	17.4	89.4
73	15.9	88.9	73	18.2	91.2	73	13.3	86.3	73	16.7	89.7
74	15.2	89.2	74	17.5	91.5	74	12.7	86.7	74	16.1	90.1
75	14.6	89.6	75	16.7	91.7	75	12.2	87.2	75	15.4	90.4
76	13.9	89.9	76	16.0	92.0	76	11.8	87.8	76	14.8	90.8
77	13.3	90.3	77	15.3	92.3	77	11.3	88.3	77	14.1	91.1
78	12.7	90.7	78	14.7	92.7	78	10.8	88.8	78	13.4	91.4
79	12.2	91.2	79	14.0	93.0	79	10.3	89.3	79	12.8	91.8
80	11.6	91.6	80	13.4	93.4	80	9.9	89.9	80	12.1	92.1
81	10.7	91.7	81	12.4	93.4	81	9.0	90.0	81	11.2	92.2
82	9.9	91.9	82	11.5	93.5	82	8.4	90.4	82	10.4	92.4
83	9.1	92.1	83	10.7	93.7	83	7.8	90.8	83	9.7	92.7
84	8.3	92.3	84	9.9	93.9	84	7.2	91.2	84	9.0	93.0
85	7.6	92.6	85	9.1	94.1	85	6.6	91.6	85	8.3	93.3



PLANNING
TIMELINE



**PLANNING
TIMELINE**


QUICK HITTERS

CONTINUATION OF OTHER OBSERVATIONS

SEQUENCE OF RETURNS

Return Type		Static Rates ▼
Registered Investments		
	Risk Profile	Rate of Return
Pre-Retirement	Moderate Growth ▼	5.00 %
Post-Retirement	Moderate ▼	3.50 %
Non-Registered Investments/TFSA/Corporate Investments		
	Risk Profile	Rate of Return
Pre-Retirement	Moderate Growth ▼	5.00 %
Post-Retirement	Moderate ▼	3.50 %

SEQUENCE OF RETURNS
STATIC RATES

	Age	Rate	Edit
1	50	-3.25 %	
2	51	1.15 %	
3	52	-0.33 %	
4	53	5.83 %	
5	54	2.40 %	
6	55	2.98 %	
7	56	-2.18 %	
8	57	0.60 %	

	Age	Rate	Edit
1	50	-2.43 %	
2	51	-2.77 %	
3	52	9.18 %	
4	53	-1.18 %	
5	54	11.58 %	
6	55	9.48 %	
7	56	3.18 %	
8	57	6.25 %	

	Age	Rate	Edit
1	50	5.86 %	
2	51	3.28 %	
3	52	7.08 %	
4	53	13.17 %	
5	54	13.05 %	
6	55	9.18 %	
7	56	2.21 %	
8	57	9.91 %	

SEQUENCE OF RETURNS VARIABLE RATES

OPEN DISCUSSION & QUESTIONS

LEARNING OBJECTIVE:
PREPARE RECOMMENDATIONS TO ADDRESS A CLIENT'S NEEDS