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Initial Assessment

Prepared for

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Introduction

A personal financial assessment is designed to help you evaluate your current financial position and your ability to achieve your objectives for the future.

Your ability to maintain your lifestyle objectives for the future is determined by your investment capital and ongoing revenues. In analyzing your situation we need to consider what is achievable given your current position, and how we can take best advantage of the assets you have accumulated.

This report has been prepared to assist in the analysis of your current financial position and to help you identify steps that you can take to assist you in achieving your personal financial goals and objectives. Although great care has been taken to ensure the accuracy of this report, it should be kept in mind that projections, by their very nature, are based on a variety of assumptions and as such it is likely that the actual results achieved will be somewhat different than illustrated. For this reason it is very important that you review your strategy on a regular basis to ensure it's timeliness and relevance to your changing financial position.

Financial Goals

You have listed a total of 6 financial goals that have an effective cost today of \$2,402,919. This is the amount of money you would need in the bank today to fund all of these objectives. The following table lists your individual goals, when the financial outlay for each is expected to start and stop, and whether these outlays are to be indexed (cost increases each year). The \$/year is the cost of the goal as if you were to begin paying for it this year.

- ◆ **Current Lifestyle:** You would like to ensure that your family has an annual after tax income to support their lifestyle of \$99,970 indexed for inflation of 4.0%.
- ◆ **Retirement Age:** You would like to be financially independent at Mark's age 55 and Maria's age 55.
- ◆ **Retirement Income:** Your annual after tax Retirement Lifestyle objective is \$70,000 indexed for inflation of 4.0%.
- ◆ **Other Objectives:** You have the following additional objectives:

<u>Description</u>	<u>Goal</u>	<u>Currency</u>	<u>Inflation Rate</u>	<u>Start Year</u>	<u>End Year</u>	<u>Rank</u>
David's Education	\$14,288	CAD	6.00%	2014	2017	1
Kitchen Renovations	\$20,000	CAD	4.00%	2008	2008	3
Roof on House	\$10,000	CAD	4.00%	2009	2009	2
Retirement Cruise	\$15,000	CAD	4.00%	2015	2015	5

Recommendation

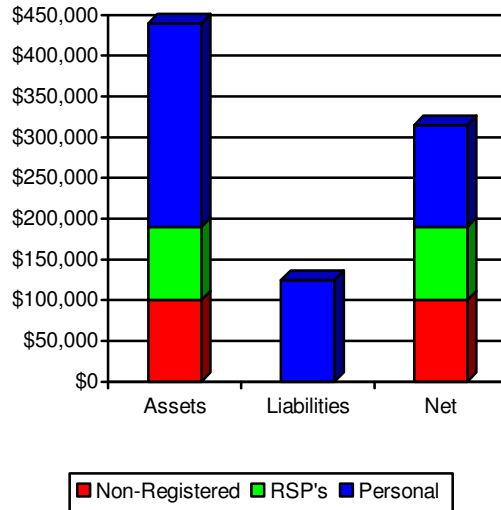
You appear to be an excellent candidate for the services we provide. We can work with you to perform a detailed risk tolerance assessment and asset allocation plan to design a portfolio target for you that achieves the best level of return for the lowest possible risk.

In addition, we can work with you in other areas, such as budget and tax analysis, risk management assessments, estate planning and comprehensive retirement planning.

Assets & Liabilities

Based on the information that you have provided, your net worth is \$325,000 with a total of \$450,000 of assets and \$125,000 of liabilities.

Of your debt, 100.00% is the result of loans for personal use. Interest paid on these loans is not tax deductible, while interest on loans for investment purposes is deductible. We can work with you to outline a plan to take better advantage of the tax treatment of your interest costs.



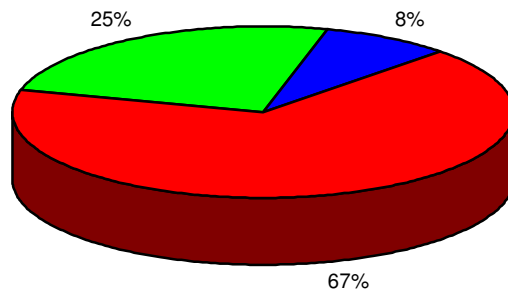
Cash Flow

The information you provided indicates that you have a total income of \$153,000, which includes all forms of income.

Mark's total tax liability in 2007 is estimated to be \$27,684. This is an average tax rate of 27.27%. Maria's tax liability has been estimated at \$9,845 for an average tax rate of 19.11%.

We can work with you to help minimize your taxes.

Can you save more?
Reduce taxes? Budget more effectively?



■ Family Expenses ■ Taxes ■ Savings

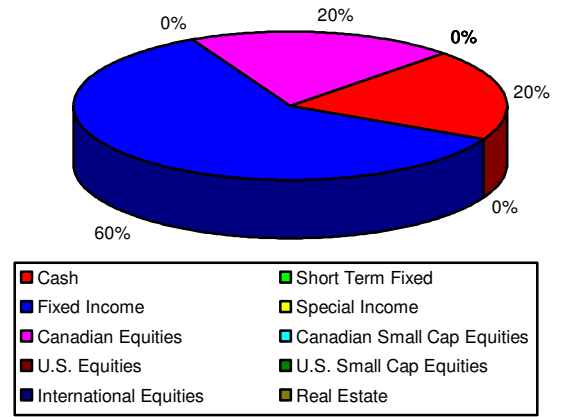
Portfolio Asset Allocation

Current Asset Allocation

Asset allocation is the cornerstone of good investing. Each investment included in your portfolio must be part of an overall asset allocation strategy. And this plan must not be generic (one-size-fits-all), but rather must be tailored to *your specific needs*.

Based on the information that you have provided, the current asset allocation of your portfolio is:

Cash	20.0%
Fixed Income	60.0%
Canadian Equities	20.0%
Total	100.0%



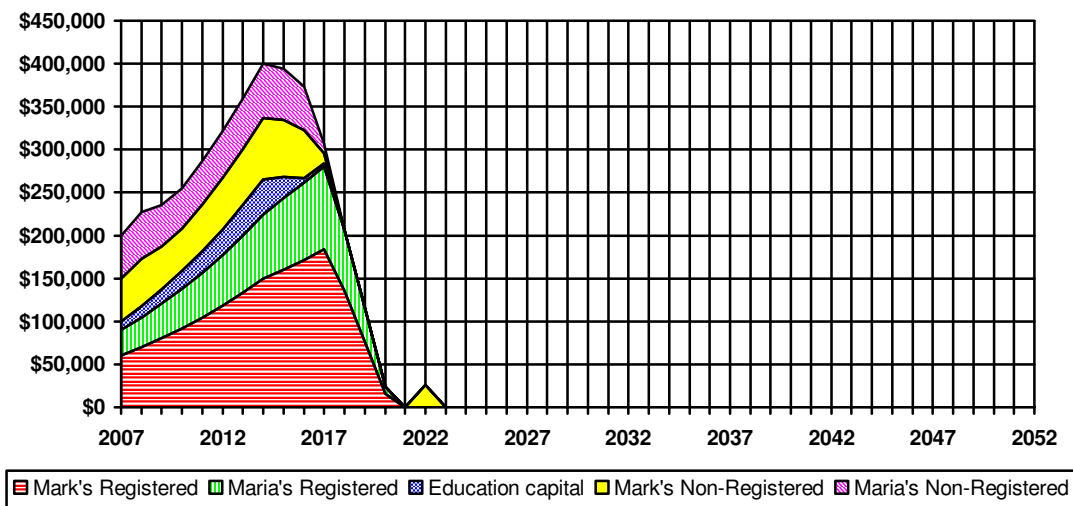
Long-Term Return: 7.1%
Long-Term Risk: 6.2%

Life Goals Analysis – Your Current Situation

The Life Goals Analysis – Current Situation is a snapshot of your entire financial life assuming you make no changes in your current financial behaviour. This means that you continue to spend and save as you have in the past and you maintain an investment strategy consistent with how your assets are currently invested. A 7.17% pre-tax rate of return was used when doing the analysis because this is the expected rate of return for the existing asset allocation in your portfolio based on forecasted rates of return.

With your current actions, will you have enough capital to meet your goals?

The analysis indicates that there is a projected capital shortage of \$592,073. This means you would require this amount of additional money in the bank today to meet all your goals. The following graph illustrates how your savings, withdrawals and your expected long-term rate of return will impact your investment capital over your lifetime.



Target Retirement Income	\$ 70,000
Projected Rate of Return	7.17%
Inflation Assumption	4.00%

Needs on Death or Disability

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

- In the event of Mark's death there is a capital shortfall of \$768,278.
- In the event of Maria's death there is a capital shortfall of \$409,784.
- Our analysis indicates that in the event of Mark's long-term disability, you require an additional \$4,130 each month. This assumes after tax income with cost of living increases.
- Our analysis indicates that in the event of Maria's long-term disability, you require an additional \$1,750 each month. This assumes after tax income with cost of living increases.

Action Plan Checklist

When	Who	What	Date Complete
Now	Lynne Mark Maria	<p>Life Goals on Retirement</p> <p>Based on our calculations you have a capital shortage of \$592,073. This means you would require an additional \$592,073 in the bank today to meet all of your objectives. We need to work together to identify a strategy to eliminate this shortage.</p>	
Now	Lynne Mark Maria	<p>Needs on Death</p> <ul style="list-style-type: none"> • In the event of Mark's death there is a capital shortage of \$768,278. We need to work together to identify the appropriate type of life insurance coverage needed to eliminate this shortage. • In the event of Maria's death there is a capital shortage of \$409,784. We need to work together to identify the appropriate type of life insurance coverage needed to eliminate this shortage. 	
Now	Lynne Mark Maria	<p>Needs on Disability</p> <ul style="list-style-type: none"> • In the event of Mark's disability there is a shortage of \$4,130 per month. • In the event of Maria's disability there is a shortage of \$1,750 per month. We need to determine if sufficient coverage can be acquired to eliminate this shortfall. 	