

Envision your retirement

OCAD University

Financial Planning 101

The basics

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Today's Agenda

- Why plan?
- Setting goals and budgeting
- Create your financial plan
 - Retirement plan
 - Investment plan
 - Tax plan
 - Insurance Plan
 - Estate Plan
- iAcquaint



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Why plan?

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Why plan?

- We all spend time planning for our weekends, vacations, social events
- How much time do you spend planning for your financial needs?
- Do you feel stressed when you think about:
 - Money?
 - Debt?
 - Retirement?
 - Insurance?

Take control of your finances!

Why plan?

- Government plans are meant to supplement retirement income not REPLACE it
- Many employees may not understand their company pension plans and fail to MAXIMIZE their benefits

Financial planning process

1. Gather information
2. Analyze information
3. Setting Goals
4. Create a plan
5. Implement your plan
6. Monitor your plan



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Gather and analyze information

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Net worth

- A net worth statement takes a reading on the current state of your finances
- It's about figuring out what you have and what you owe
- A net worth statement is the key to understanding where you stand

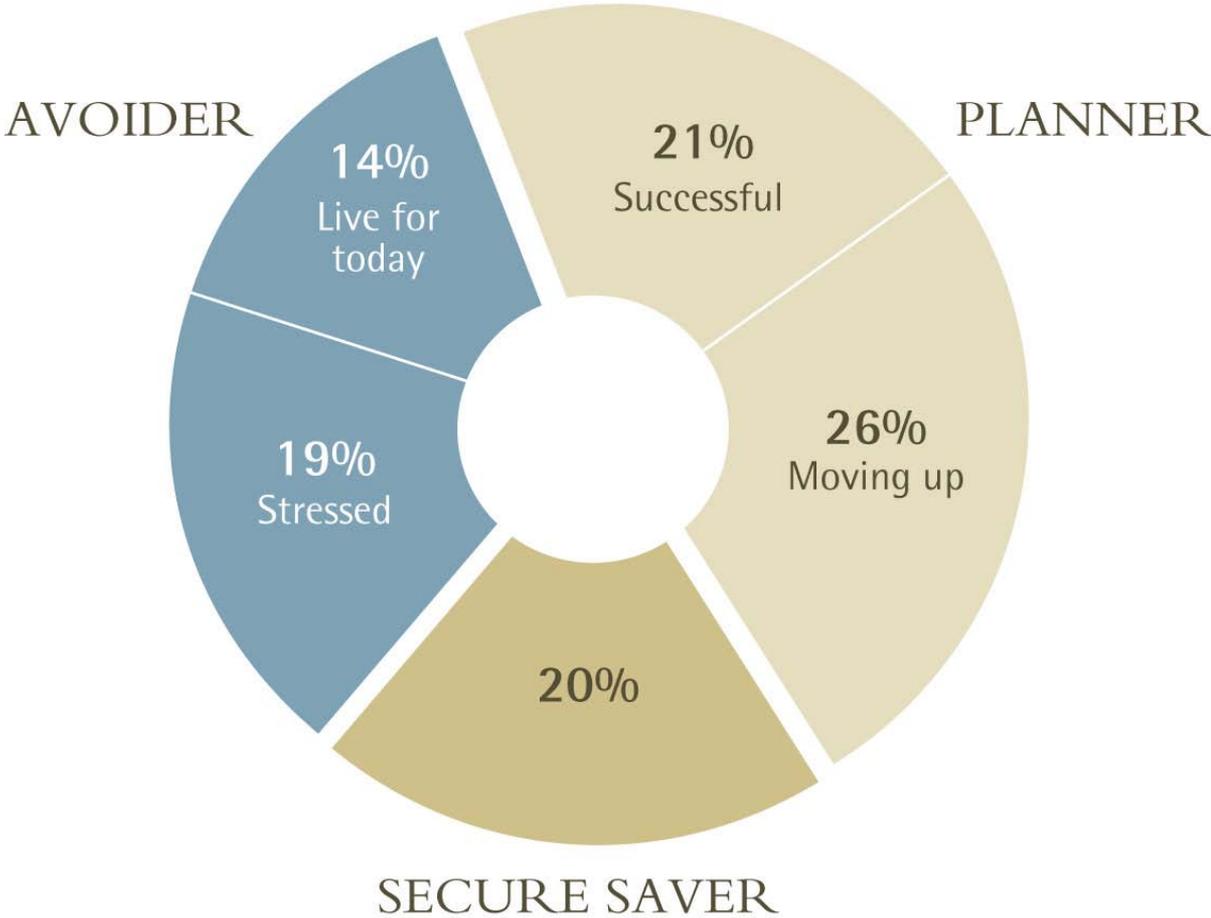
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Setting goals and budgeting

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Getting started

Savings attitudes



Source: The Vanguard Group- styles shown by percentages

Setting goals

- When setting goals, it is important that they are **realistic**
- Time and time again we are tempted to **live outside our means**
- Creating goals allows you to compare **wants** with **needs**, and helps streamline your money flow
- Some examples of basic goals:
 - paying down debt
 - owning a home in the next 7 years
 - paying for your children's education

Quick budgeting steps

- List monthly income
- List monthly expenses e.g. food, housing
- Determine if there's a shortfall
- Adjust expenses if necessary
- Add categories – **savings and emergency fund**

Note: The cash flow calculator on Smart Tools can help you with these steps

Cash flow

- A cash flow statement is an analysis of your current income against your current expenses
- Tracking your expenses allows you to get a better idea of where your money goes



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Create a plan

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Creating a financial plan

Main Components of a Financial Plan

- Retirement Plan
- Investment Plan
- Tax Plan
- Insurance Plan
- Estate Plan



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Retirement Plan

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Sources of Income at Retirement

Government Programs

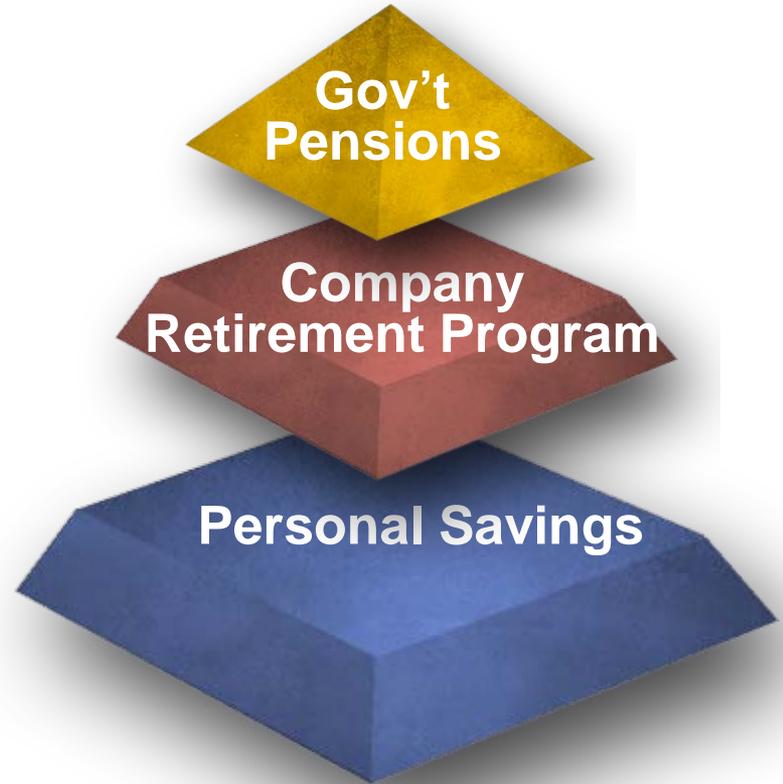
- ⊗ Canada Pension Plan
- ⊗ Old Age Security

Group Plan

- ⊗ Pension Plan

Your Savings

- ⊗ Additional savings
- ⊗ RRSP's
- ⊗ GIC's
- ⊗ Your home



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Investment plan

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Developing an investment plan

- A well-developed investment plan will help you reach your financial goals.

Things to consider

- Risk
- Asset allocation
- Diversification
- Investment knowledge
- Investment objectives



Investment plan

Some types of risks with investment funds

- Market risk – volatility
- Inflation risk
- Interest rate risk
- Political risk



What kind of investor are you?



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Tax plan

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Varying tax rates on investments

- For tax purposes, investment income falls into one of three categories:
 - Interest
 - Dividends
 - Capital Gains
- Interest is the most heavily taxed
- Best tax-saving investment strategy - have a registered retirement plan!

Year-end tax strategies

- Triggering capital losses
- Waiting until the new year to make certain investments
- Capitalizing on charitable donations
- Maximizing RESP contributions



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Insurance plan

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Life insurance

- Some reasons for considering life insurance are when you:
 - have children or other dependents
 - have outstanding debts
- It is important to consult a financial advisor regarding your own circumstances

Life insurance

- The main reason to buy life insurance is to replace lost income for your family
- You need to determine how much you need
- Two main types of insurance:
 - “Term” and “Whole Life”



Life insurance

Steps to buying insurance

- Determine current need for insurance
- Find out what group coverage you have
- Consider future needs
- Read your new policy carefully
- Ask for an explanation of anything you do not understand
- Review your insurance coverage every few years

Disability insurance

- Disability insurance answers the question:
What would you do if you could not work because of an accident or illness?
- During most of your working years, you are much more likely to be disabled than to die
- Disability can eat into your savings and can create a large financial burden on you and your family

Disability insurance

Some questions to ask yourself:

- How long will you need to be covered?
- How much coverage do you need?
- Are you covered under a group plan? (how much?)
- Be aware of the limitations of government-sponsored programs such as CPP

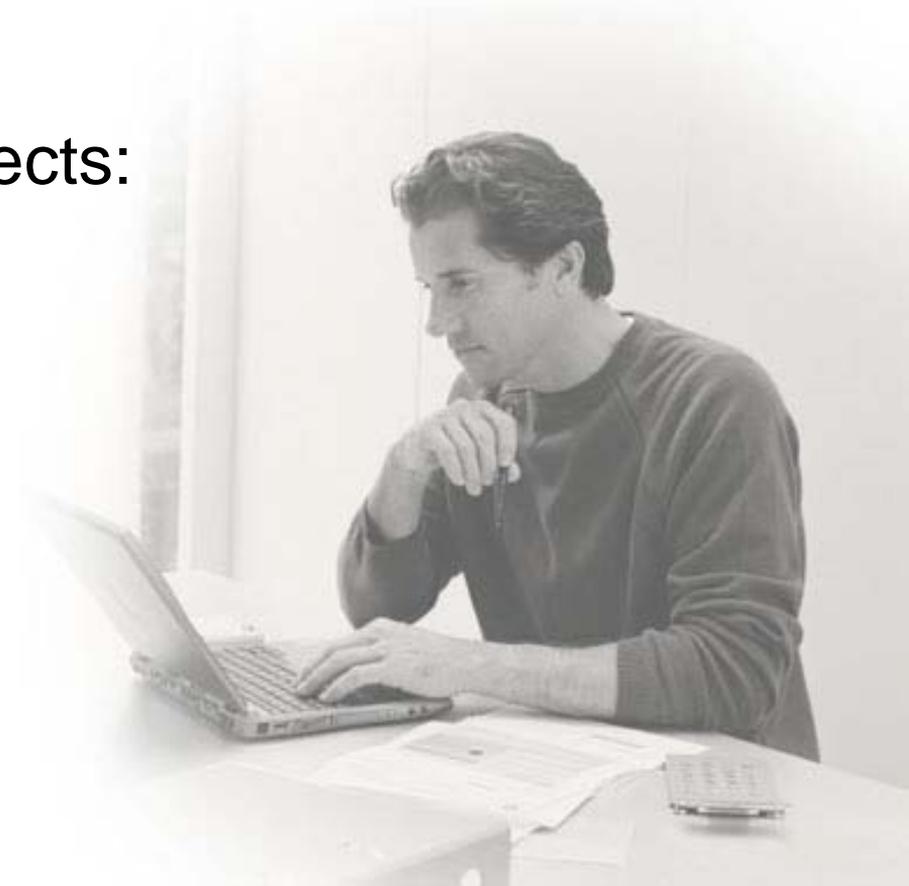
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Estate plan

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Basic estate planning

- Estate planning covers topics we generally don't want to talk about, such as death and taxes
- We will touch on three aspects:
 - Wills
 - Life insurance
 - Disability insurance

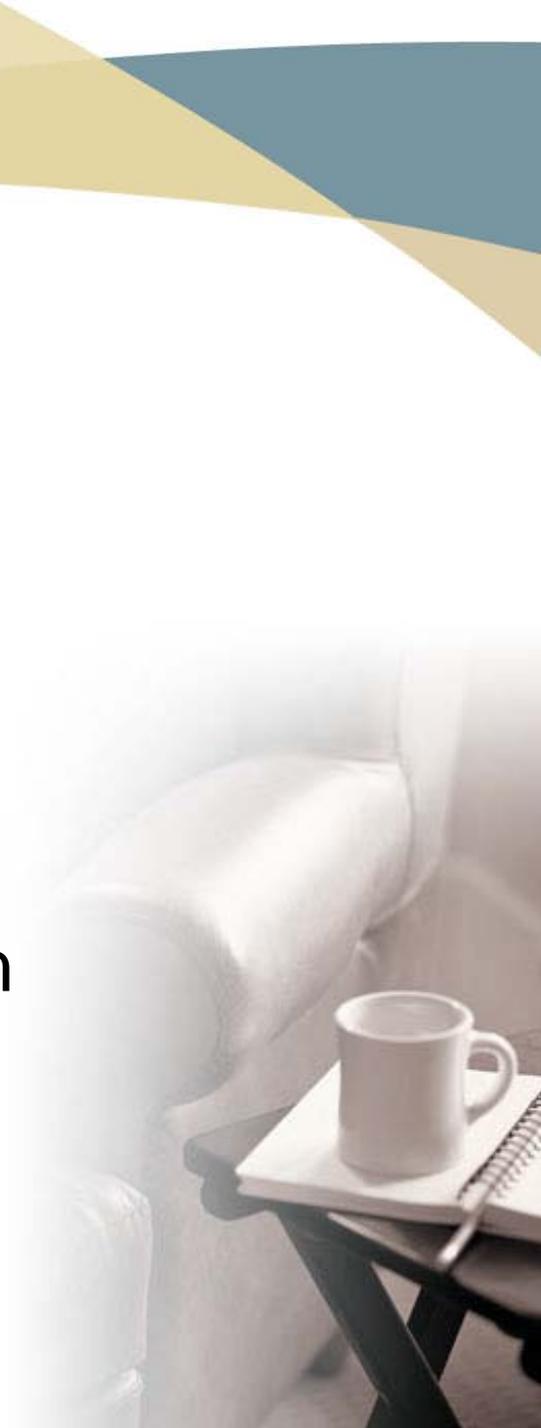


Wills

There are many reasons to have a will

Dying without a will:

- could affect your children
- may mean your assets will be frozen



Wills

- Creating a will is easier than you think
- You can either:
 - use a **will kit** (found in most large bookstores) and do it yourself
 - or **hire a lawyer** to write your will
- Once you have a will, you need to keep it up to date!

Finding a financial planner

- Ask your friends if they can recommend a financial planner
- Look for a financial planner online: www.cfp-ca.org
- You should interview three or four financial planners to get a feel for which one is the right fit for you
- Make sure you ask how they are paid; commission or fee for service

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iAcquaint

What is iAcquaint?

- Interactive web-based financial education
- Education modules tailored to all levels of knowledge



GRSaccess website  Planning and Learning



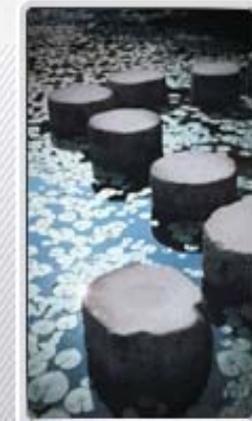
My Counselors



CareerStages™



My Finances



Learning Paths

Hello and welcome to iAcquaint – your trusted source for unbiased and comprehensive financial education, counseling and planning. While the goal of most other financial services organizations is to sell you some type of financial products – our sole mandate is to help you plan for and achieve a brighter financial future.

While it may seem obvious, most people do not realize that virtually each one of life's decisions has a financial consequence. Through understanding this and educating yourself on personal financial planning matters, you can help ensure that each one of the decisions you make will pay dividends in the future.

With iAcquaint, the road to a brighter financial future is right at your fingertips and only a few mouse clicks away. We hope you enjoy using iAcquaint and invite you to visit it frequently.

Financial planning can be interesting and with iAcquaint it is. We have even developed some financial learning games along the way to give you that much needed break while planning for your financial future.





My Counselors

Welcome to the "My Counselor" section of iAcquaint. Here you will find a variety of virtual counselors all aimed at helping you develop comprehensive written plans to help you reach your life goals. As most would agree, it's easiest to reach a goal with a detailed plan in place. A detailed plan will enable you to move forward in a systematic manner while tracking your progress along the way.

Click on any of the counselors below to learn more and get started.

Financial Planning Counselor

GO

Debt Counselor

GO

Lifestyle Planning Counselor

GO





My Counselors



CareerStages™



My Finances



Learning Paths

CareerStages™

Most financial planners will agree that people in common age groups and stages of their careers will share similar financial challenges. To help put some framework around these financial obstacles, we've created the CareerStages™ program. Simply visit this area and click on your applicable CareerStage™ to start planning today.

Early Years
Ages 25 - 35

GO

Middle Years
Ages 35 - 45

GO

Latter Years
Ages 45 +

GO





Early Years Ages 25 - 35

[Losing your Job](#)

GO

[Moving](#)

GO

[Marriage](#)

GO

[Starting a Family](#)

GO

[Buying a Car](#)

GO

[Buying a House](#)

GO

[Entering the Workforce](#)

GO

[My Counselors](#)[CareerStages™](#)[My Finances](#)[Learning Paths](#)

My Finances

Articles

The articles below will give you a good understanding of financial planning and how it can help you improve your personal financial situation. All of these articles are written in an easy to understand style and can be printed or emailed for your convenience. With this background information you can move forward to other resources in this Learning Path.

1. [Asset Allocation](#)
2. [Bonds](#)
3. [Buy-and-Hold](#)
4. [Canadian Investor Protection Fund \(The CIPF\)](#)
5. [Determining Objectives](#)
6. [Determining your Risk Tolerance](#)
7. [Determining your Time Horizon](#)
8. [Diversification](#)
9. [Dollar-Cost Averaging](#)
10. [Investment Objectives: Risk and Return](#)
11. [Mutual Funds](#)
12. [Overview of Investing](#)
13. [Portfolio Rebalancing](#)

Calculators

Browse the calculators below and see how they can help you with your personal finances. Financial calculators play a key role in personal financial planning because they help with what is referred to as scenario analysis. That is, you can run multiple scenarios such as best case, worst case and most likely and then see how your financial condition changes due to uncontrollable variables.

1. [Annual Stock Option Grants](#)
2. [Asset Allocator](#)
3. [Investor Profile](#)
4. [Stock Option Calculator](#)

Downloads

Learning Modules

- [How To Invest](#)
- [Debt Reduction](#)

Worksheets

- [Investment Tracker](#)
- [Net Worth Worksheet](#)

Web Links

These links are for additional and supplemental learning. Feel free to visit these sites and browse through them for relevant financial planning information. While we do not review the content on the sites in detail, we do conduct random checks to find suitable and useful information.

- [Canadian Investor Protection Fund](#)
- [Securities Investor Protection Corporation](#)
- [Investment Dealers Association of Canada](#)



Learning Paths

Welcome to Learning Paths. Here you can learn about financial planning at your own pace. Not sure where to start? Just select the program that best describes your level of financial knowledge. For each program, we've put together a curriculum of various resources on the site. If you're not sure that any of the existing programs suits your needs you can even choose to create your very own customized Learning Path by answering a few simple questions.

[Real Life Example](#)

Beginner

GO

Intermediate

GO

Advanced

GO



Summary

- Take control of your finances
- Create a plan - be prepared
- Learn as much as you can
- Find a good financial planner to make your plan a reality



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Questions?

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