

Mind your Money

Presented by Heather Johns, CFP
For Wollaston Township
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Why Listen to Heather?

- 25+ years experience in the financial services industry
- Certified Financial Planner Designation
- Focus on education – money is not a topic that is really taught in schools, and is a resource that everyone needs to know how to use effectively

Money will buy a bed but not sleep; books
but not brains; food but not appetite;
finery but not beauty; a house but not a
home; medicine but not health; luxuries but
not culture; amusements but not happiness;
religion but not salvation

Money Revisited

- Millions stressed and struggling, ashamed, deceived
- What is the impact on your family?
- What's your specific reason? What are your intentions attending? What value would you like to receive?

What is Money Revisited?

- Paradigm Shift
 - MONEY backwards and upside down
- Practical and Actionable
- Small 'things' repeated consistently produce the biggest results in the shortest amount of time'
- Not quick fix, but that's what you're likely to experience!

The Current Model of Personal Finance

**\$1.5 million =
\$10000 / month @ 8%**

**\$60,000
\$5,000/month**

Work

Retire

30

60

90

**> \$80 billion
> \$27,000 per person
15% per month to service debt**

How does the word BUDGET make you feel?

- Restricted
- What I can't have
- Needs vs. wants
- Doing without
- Sad
- Hopeless
- Controlled
- Poor me
- A temporary solution
- Hardship
- For when times are tough
- Like a diet



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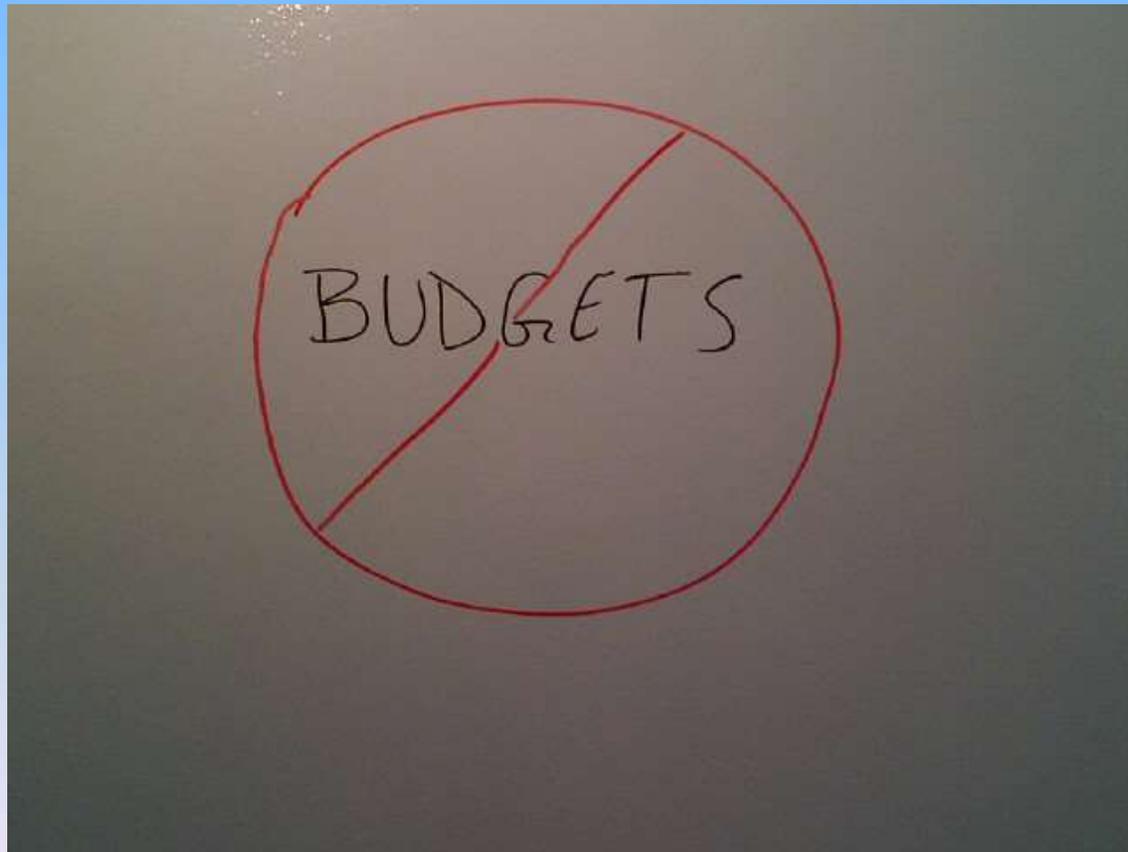
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A Cash Flow Plan



Fund Your Dreams

Cash Flow Plan:

A written document including **specific advice** on personal spending based on a **standardized process that allows a Certified Cash Flow Specialist™** to take into account an individual's income, expenses, proximity to retirement (or other major goals), **assets and liabilities** and recommend how much an individual can spend on the things he/she can control in order to **achieve their dreams!**

So What Does That Mean?

A Cash Flow Plan can:

- Find you the money to fund your dreams!
- Show you how to save tens if not hundreds of thousands of dollars in inefficient interest
- Help you stop money leaks on stuff that doesn't matter so you've got lots of money for the stuff that does!
- Finally tell you what TO DO, not just WHAT TO BUY!

Cont...

- If you need to put controls on your spending, put yourself on a cash only diet for a limited period of time
- If you are dealing with too much debt, consider a debt snowball
- Always make sure to give yourself a “guilt free spending amount” ... An amount of money that you can spend on whatever you want (even if it's just \$5)

Attitude is everything

- How much income do you believe you can earn?
- Why that much?

Why not?

- Spend less than you earn, or
- Earn more than you spend?

- How do you view money?
- Scarce resource or infinite abundance?
- Fear of losing, or excitement for potential?
- Too old, too broke, too much debt, not enough time, no savings?

Small Things
Repeated Consistently
Produce the Biggest Results
in the Shortest Amount of Time

10 Ways to Earn \$10
within 10 Days
Starting with
No More Than \$10



Income Strategies for Seniors

Meet George

- * 65 year old
- * Male
- * Non Smoker

The Problem

Second only to health concerns, the greatest fear among today's retirees is outlasting their assets during retirement.

With interest rates being at or near all time lows a retiree can no longer rely on deriving an acceptable retirement cash flow from just the interest income on invested capital.

It is inevitable that the classic Guaranteed Investment Certificate (GIC) strategy will at some point require a retiree to erode their capital in favour of supplementing their income.

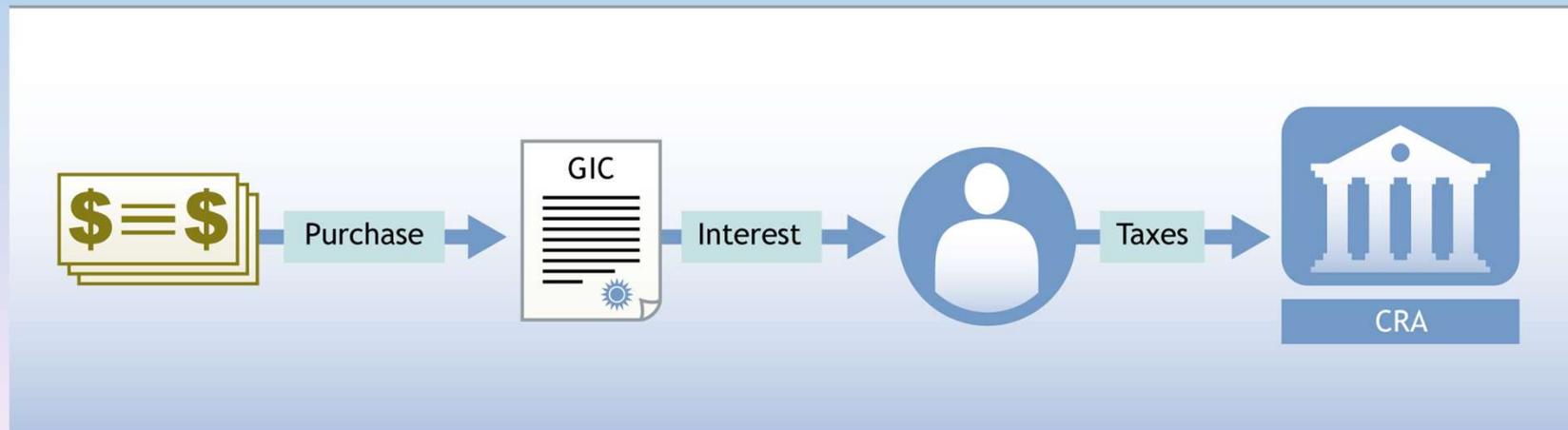
Using a GIC strategy may put the retiree at risk of outliving their capital or deteriorating the very estate they had hoped to leave to loved ones and/or charitable organizations.

Classic GIC Income Strategy

Using a Guaranteed Investment Certificate (GIC) to create an income from assets is a common strategy.

Process:

1. Use cash to purchase GICs that provide a rate of return for a set period of time.
2. Take monthly interest payments received from the GICs as income.
GIC Process
3. Pay tax on the total annual interest income derived from the GIC investment.



GIC Results	
Cash Flow Example	
Principal	\$100,000
GIC Rate	2%
Tax Rate	40%

Monthly Cash Flow	\$167
Taxes Payable	\$67
Insurance Premium	\$0
Net Monthly Cash Flow	\$100
Net After Tax Yield	1.2%

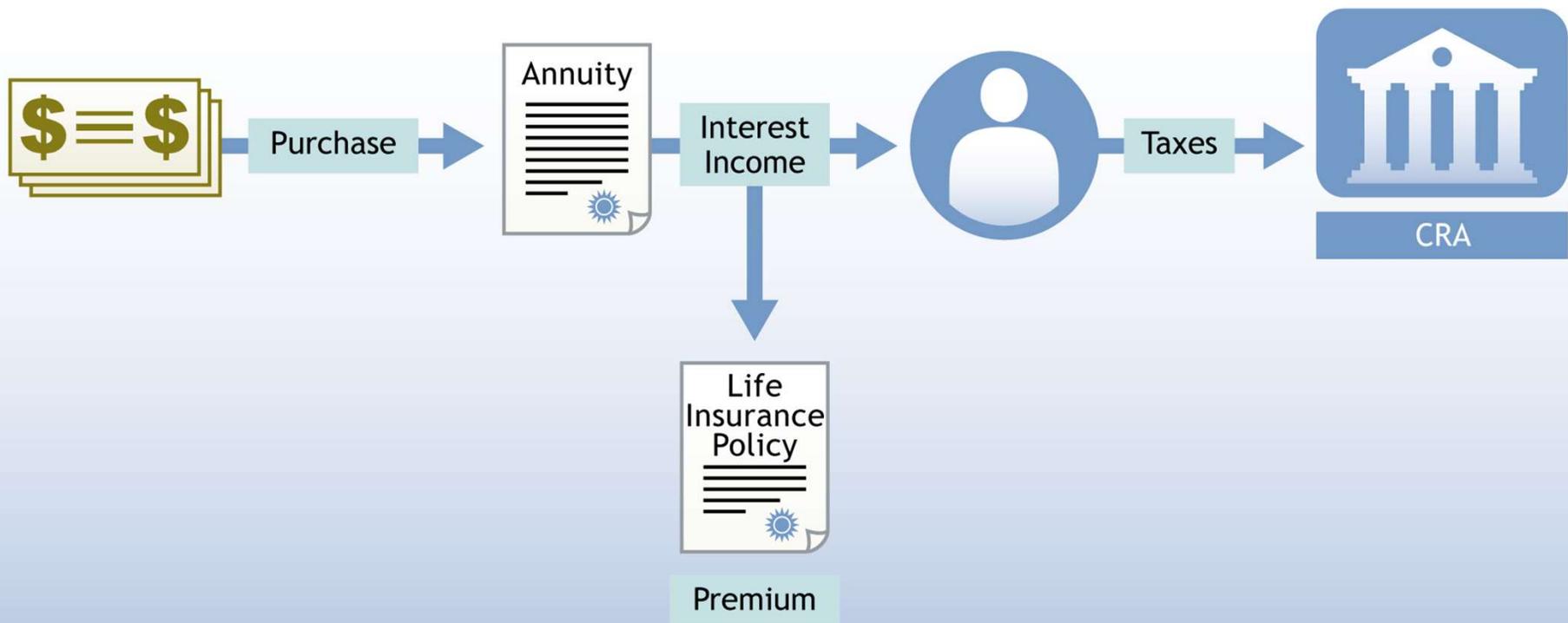
The Insured Annuity Strategy

The use of an Insured Annuity Strategy will provide a superior result to that of the GIC income strategy.

Process:

1. Use cash to purchase a Prescribed Life Annuity on the client's life.
2. Pay tax on the annual taxable amount of annuity income.
3. Pay a monthly premium for a life insurance policy using a portion of after tax annuity income.
4. At death, the clients' beneficiary will receive the life insurance face amount tax free.

Insured Annuity Process



Comparing Results	
Cash Flow Example	
Principal	\$100,000
GIC Rate	2%
Tax Rate	40%
Prescribed annuity	BMO Insurance, Life Dimensions – Low Fees
Annuity	

	GIC	Insured Annuity
Monthly Cash Flow	\$167	\$450
Tax Payable	\$67	\$6
Insurance Premium	\$0	\$289
Net Monthly Cash Flow	\$100	\$155
Net After Tax Yield	1.2%	1.86%
Equivalent GIC Rate		3.1% (55% more)

Summarizing the Difference		
	GIC Strategy	Insured Annuity Strategy
Guaranteed Cash Flow For Life	No	Yes
Tax Efficient Monthly Cash Flow	No	Yes
Reduce chance of reduction in government programs (OAS, GIS)	No	Yes
Creditor Protection	No	Yes
Efficient, predetermined transfer of assets to heirs	No	Yes
Estate Transfer free of “probate Taxes”	No	Yes

Questions?

Financial Freedom

NEXT EXIT

