Financial Needs Assessment

UTLEY FINANCIAL GROUP

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PREPARED BY:

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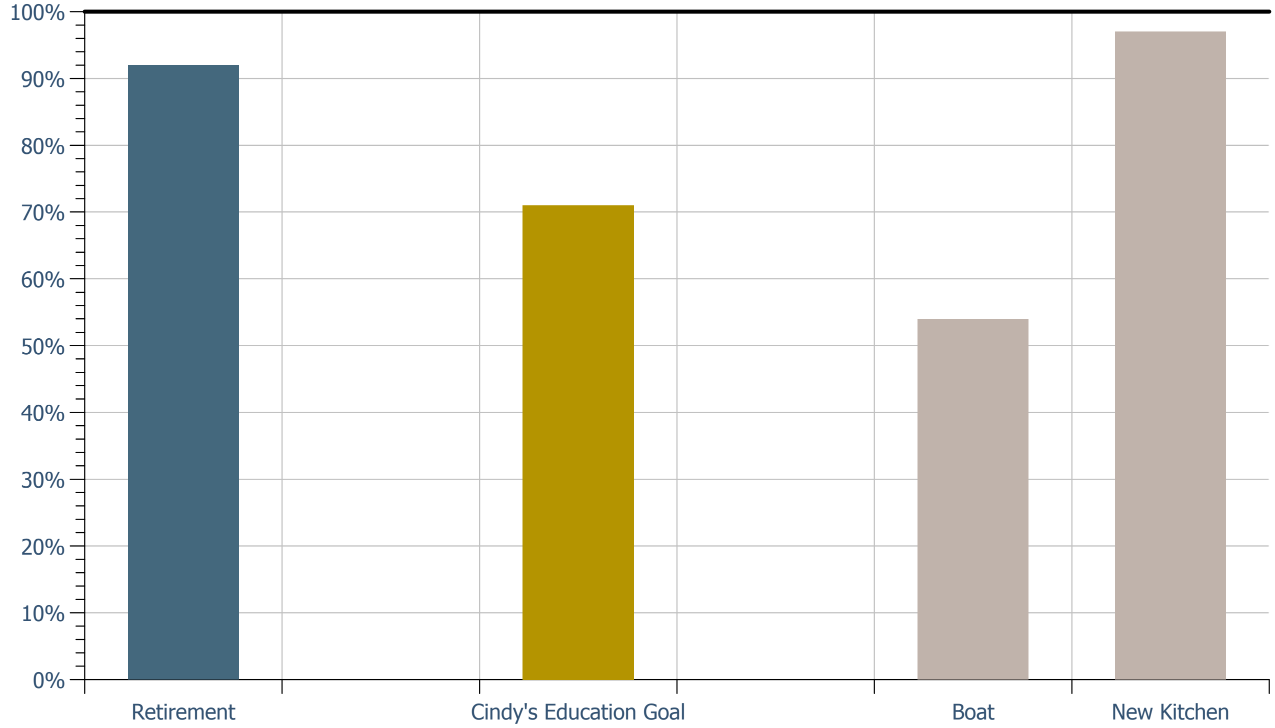
Overview

The *Goal Achievement* graph illustrates the percentage of each goal that may be covered based on the projection of the current capital and savings for each goal.

Alternative strategies that may assist in goal achievement are listed in the tables following the *Goal Achievement* graph.



Retirement

Unfortunately, your current retirement strategies fall short of the desired retirement goal.

The following table provides alternative strategies that may assist you in achieving the desired retirement goal.

Options						
Expect Retirement Expenses to Be Covered At ($/year)	**OR**	**Save an Additional**	**OR**	**Invest a Lump Sum Today Of**	**OR**	**Retire in the Year (at age)**
92% ($59,800)		$739/month		$75,760		2027/2030 (67/67)

Important: The calculations or other information generated by NaviPlan® version 14.1 regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. These calculations are shown for illustrative purposes only because they utilize return data that may not include fees or operating expenses, and are not available for investment. If included, fees and other operating expenses would materially reduce these calculations. See the Disclaimers section for more information.

Education

Unfortunately, your current education strategies may not allow you to achieve the desired education goal.

The following table provides alternative strategies that may assist you in achieving the desired education goal.

Options					
	Expect to Support Education Costs At ($/year)	**OR**	**Save an Additional**	**OR**	**Invest a Lump Sum Today Of**
Cindy's Education Goal	71% ($8,610)		$131/month		$12,622

Major Purchase

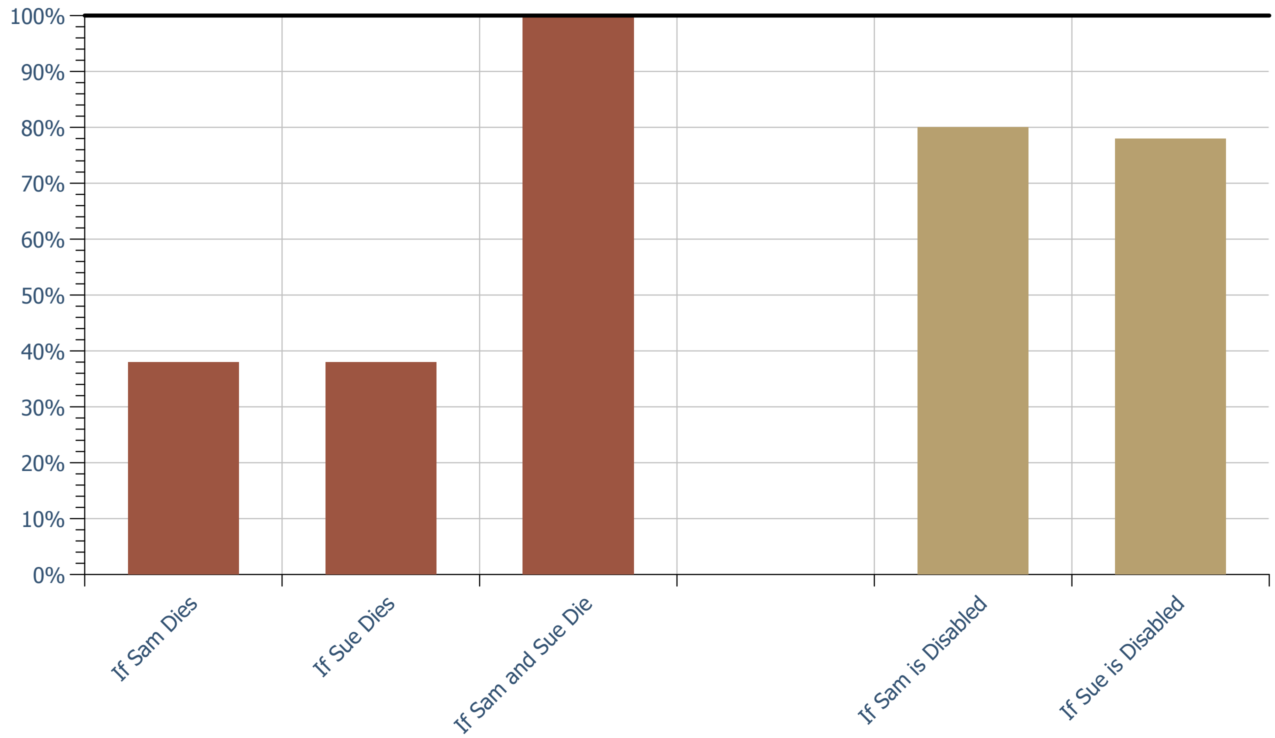
Your current major purchase strategies may allow you to achieve one of the desired major purchase goals, but not the other.

The following table provides alternative strategies that may assist you in achieving both of the desired major purchase goals.

Options							
	Expect to Support Major Purchase Costs At ($)	**OR**	**Save an Additional**	**OR**	**Invest a Lump Sum Today Of**	**OR**	**Adjust Purchase Date To**
Boat (2019)	54% ($14,040)		$243/month		$11,958		2024
New Kitchen (2017)	97% ($14,550)		$12/month		$324		2017

The *Goal Achievement* graph illustrates the percentage of each goal that may be covered based on the projection of the current capital and savings for each goal.

Alternative strategies that may assist in goal achievement are listed in the tables following the *Goal Achievement* graph.



Life Insurance

Your current life insurance coverage falls short of the necessary life insurance coverage for both the Sam dies analysis and the Sue dies analysis. However, your current coverage provides the Sam and Sue die analysis with the necessary amount of life insurance coverage.

The following table provides alternative strategies that may assist you in achieving your life insurance goals.

Options	
	Purchase Additional Life Insurance Of
If Sam Dies	$364,578
If Sue Dies	$364,578
If Sam and Sue Die	$0

Disability Insurance

Unfortunately, your current disability insurance coverage falls short of the necessary disability insurance coverage for both Sam and Sue.

The following table provides alternative strategies that may assist you in achieving the disability insurance goals.

Options			
	Expect to Cover Total Disability Insurance Need At ($)	**OR**	**Increase Disability Insurance By**
If Sam is Disabled	80% ($3,500)		$2,303/month
If Sue is Disabled	78% ($2,000)		$2,392/month

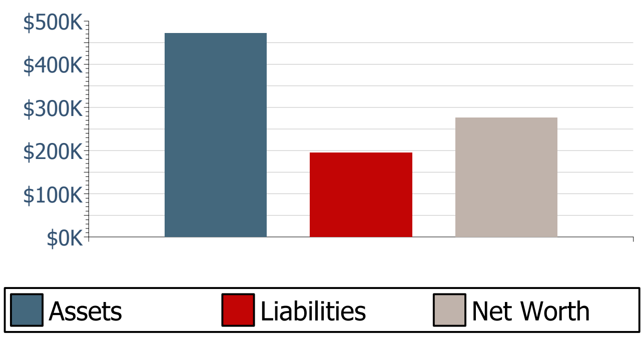
Current Financial Position

Analysis

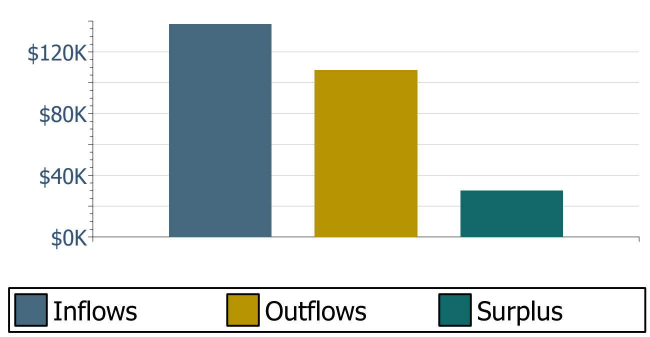
To determine your net worth we take the current value of all your assets, and then subtract the current value of all your liabilities. Based on the information you have provided, you currently have a **net worth of $276,800**.

We have also evaluated your current cash flow position. We determine your cash flow surplus or deficit by adding together all your cash inflows, and then subtracting all your cash outflows, which include lifestyle expenses, savings, and taxes. Based on the information you have provided, you currently have a **cash flow surplus of $29,949** in 2014.

Net Worth



Cash Flow



Net Worth

Registered Assets	$111,400
Non-Registered Assets	$53,400
Lifestyle Assets	$307,000
Liabilities	($195,000)
Net Worth	$276,800

Cash Flow

Inflows	$138,066
Lifestyle & Medical Expenses	$51,660
Registered Savings	$9,000
Non-Registered Contributions	$7,359
Other Outflows	$10,063
Taxes	$30,035
Surplus Outflows	$0
Surplus	$29,949

Consider the Following

- Decide on the sacrifices you are currently willing to make to achieve your financial goals.

Retirement

Objective(s)

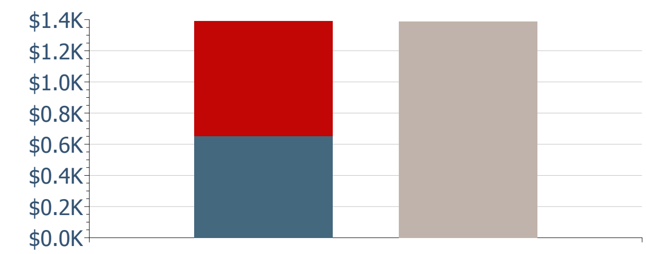
Sam plans to retire in the year 2025 at age 65. Sue plans to retire in the year 2028 at age 65. Your retirement needs in the first full year of retirement are $85,654, in today's dollars.

Analysis

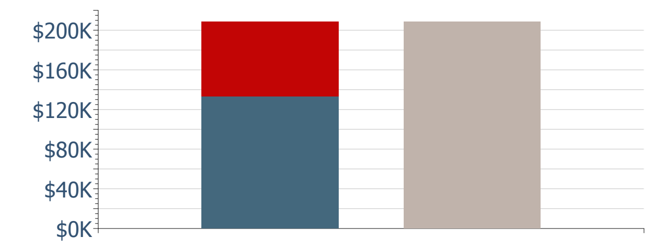
Based on our assessment, you may not have sufficient savings strategies in place, or sufficient capital allocated, to meet your retirement goal.

Based on your current assumptions, to meet your retirement goal you would need to save an **additional $739 per month** or allocate an **additional $75,760 today**.

Monthly Savings For Retirement



Capital for Retirement



Current Savings/Capital | Additional Savings/Capital Required | Total Savings/Capital Required

Current Savings	$650/month
Assets Currently Allocated	$133,100
Rate of Return	5.66%
Additional Savings Required	$739/month
or	
Additional Capital Required	$75,760

These calculations are based on the return rate assigned to your current asset mix.

Consider the Following

- The additional required monthly savings amount is based on savings to non-registered assets.
- Maximize contributions to tax-advantaged registered savings plans.
- If you have not already done so, begin investing on a regular basis.
- Consider a TFSA as part of your overall saving strategy.

Attainable Retirement

Objective(s)

Sam plans to retire in the year 2025 at age 65. Sue plans to retire in the year 2028 at age 65.

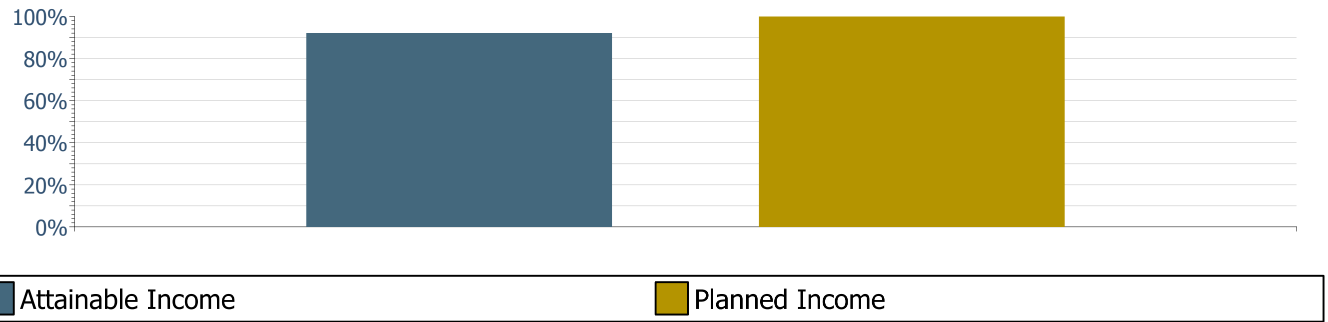
Analysis

Based on our assessment, it appears Sam may not be able to retire until the year 2027, at age 67, and Sue may not be able to retire until the year 2030, at age 67.

If Sam was to retire in the year 2025, at age 65, and Sue was to retire in the year 2028, at age 65, it appears your current savings strategies and retirement capital may provide you with the ability to cover 92% of your planned retirement expenses.

Attainable Retirement Expenses

Retire At 65/65



Attainable Retirement Age

	Retirement Goal	Attainable Retirement
Sam	65 (2025)	67 (2027)
Sue	65 (2028)	67 (2030)

Attainable Retirement Expenses

Retirement Age	% of Retirement Expenses*
65/65	92%

*This value indicates the percentage of your stated annual retirement needs that can be funded by your available retirement resources throughout your entire retirement time period.

Consider the Following

- If the amount of required savings is unmanageable, we should review your goals to find a solution.
- If your savings exceed your need, you may be able to spend more in retirement.

Cindy's Education Goal

Objective(s)

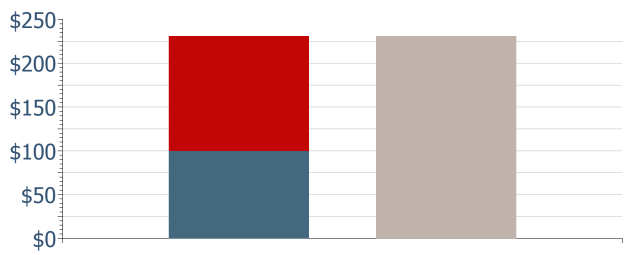
You want to accumulate sufficient assets to fund Cindy's education goals for 4 years at a total cost of $12,000 per year, in today's dollars, beginning in the year 2022.

Analysis

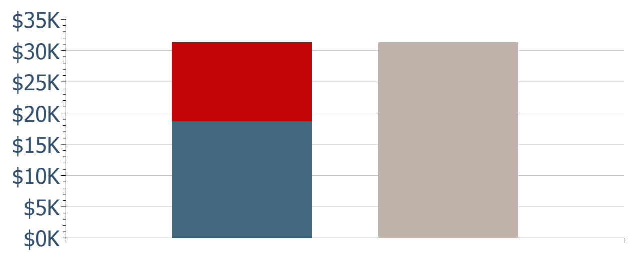
Based on our assessment, you currently may not have sufficient savings strategies in place, or sufficient capital allocated to meet your goal.

Based on your assumptions, to meet your goal you would need to save an **additional $131 per month** or allocate an **additional $12,622 today**.

Monthly Savings



Capital Allocated



Current Savings/Capital | Additional Savings/Capital Required | Total Savings/Capital Required

Current Savings	$100/month
Assets Currently Allocated	$18,700
Rate of Return	6.00%
Additional Savings Required	$131/month
or	
Additional Capital Required	$12,622

These calculations are based on the return rate assigned to your current asset mix.

Consider the Following

- Determine realistic values for tuition and related college expenses. Factor in the effects of inflation. College costs have historically increased at a significantly higher rate than inflation.
- Invest regularly for your family member's education, starting as early as possible.
- Where possible, take advantage of educational savings vehicles, such as RESPs or TFSAs.

Boat

Objective(s)

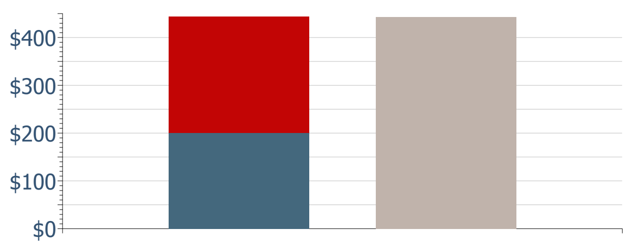
You want to purchase a "Boat" in 5 years, in the year 2019, for the amount of $26,000, in today's dollars.

Analysis

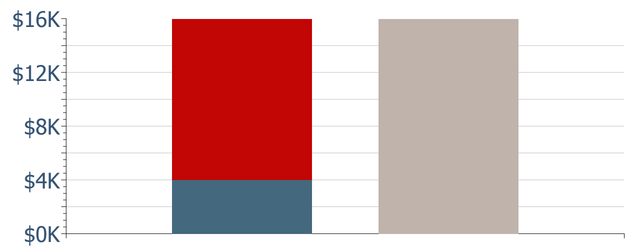
Based on our assessment, it appears you may not have sufficient savings strategies in place, or sufficient capital allocated, to meet your goal.

Based on your assumptions, to meet your goal you need to save an **additional $243 per month** or allocate an **additional $11,958 today**.

Monthly Savings



Capital Allocated



Current Savings/Capital | Additional Savings/Capital Required | Total Savings/Capital Required

Current Savings	$200/month
Assets Currently Allocated	$4,000
Rate of Return	5.00%
Additional Savings Required	$243/month
or	
Additional Capital Required	$11,958

These calculations are based on the return rate assigned to your current asset mix.

Consider the Following

- Prioritize the financial goals for your family and give them realistic timelines.
- Determine your investment strategy for each goal based on your time horizon and risk tolerance.
- Start saving as early as possible.
- Consider the benefits of using a TFSA to fund a major purchase goal.

New Kitchen

Objective(s)

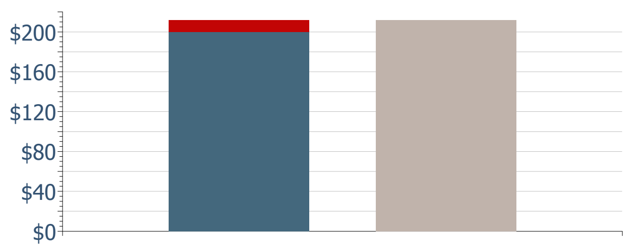
You want to purchase a "New Kitchen" in 3 years, in the year 2017, for the amount of $15,000, in today's dollars.

Analysis

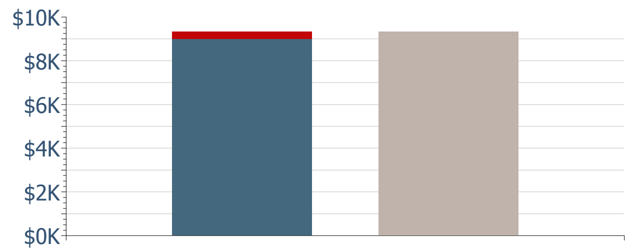
Based on our assessment, it appears you may not have sufficient savings strategies in place, or sufficient capital allocated, to meet your goal.

Based on your assumptions, to meet your goal you need to save an **additional $12 per month** or allocate an **additional $324 today**.

Monthly Savings



Capital Allocated



Current Savings	$200/month
Assets Currently Allocated	$9,000
Rate of Return	5.00%
Additional Savings Required	$12/month
or	
Additional Capital Required	$324

These calculations are based on the return rate assigned to your current asset mix.

Consider the Following

- Prioritize the financial goals for your family and give them realistic timelines.
- Determine your investment strategy for each goal based on your time horizon and risk tolerance.
- Start saving as early as possible.
- Consider the benefits of using a TFSA to fund a major purchase goal.

Disability Insurance – Sam

Objective(s)

Disability insurance allows you to ensure there is sufficient income replacement to maintain your desired lifestyle, should Sam become disabled.

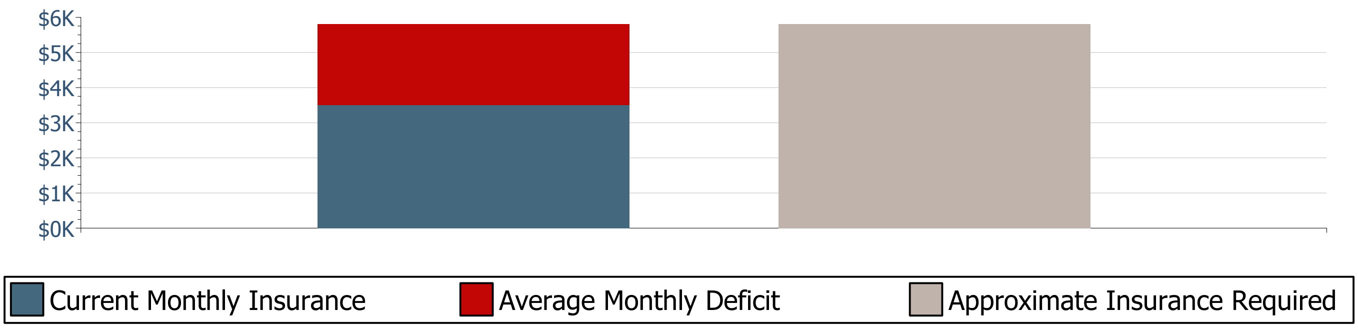
Analysis

Based on our assessment, from now until you retire in the year 2025, you may experience deficits that average $2,303 per month, with the largest annual deficit being $54,580.

Increasing your coverage by $2,303 per month can help eliminate these deficits.

Depending on the circumstances, you may or may not be able to purchase this amount of disability insurance.

If Sam Becomes Disabled



If Sam Becomes Disabled

Current Monthly Disability Insurance	$3,500
Average Monthly Deficit	$2,303
Approximate Monthly Disability Insurance Required*	$5,803

*The recommended amount of disability insurance coverage is calculated based on long-term disability insurance coverage. You may or may not be able to purchase this amount of disability insurance.

These calculations are based on the return rate assigned to your current asset mix.

Consider the Following

- You may not want to rely solely on group policies at work. If you change jobs or your employer switches to another insurer, you may no longer be eligible for group benefits.
- Review your existing policy's monthly disability benefit, definition of disability, waiting period, and duration of benefits.
- Review the coverage periodically and adjust it according to changes in your income and expenses.

Disability Insurance – Sue

Objective(s)

Disability insurance allows you to ensure there is sufficient income replacement to maintain your desired lifestyle, should Sue become disabled.

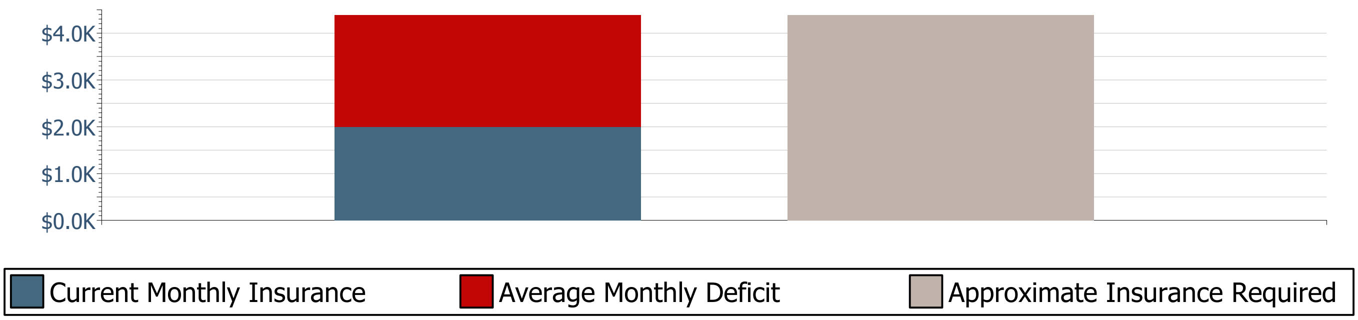
Analysis

Based on our assessment, from now until you retire in the year 2028, you may experience deficits that average $2,392 per month, with the largest annual deficit being $62,098.

Increasing your coverage by $2,392 per month can help eliminate these deficits.

Depending on the circumstances, you may or may not be able to purchase this amount of disability insurance.

If Sue Becomes Disabled



If Sue Becomes Disabled

Current Monthly Disability Insurance	$2,000
Average Monthly Deficit	$2,392
Approximate Monthly Disability Insurance Required*	$4,392

*The recommended amount of disability insurance coverage is calculated based on long-term disability insurance coverage. You may or may not be able to purchase this amount of disability insurance.

These calculations are based on the return rate assigned to your current asset mix.

Consider the Following

- You may not want to rely solely on group policies at work. If you change jobs or your employer switches to another insurer, you may no longer be eligible for group benefits.
- Review your existing policy's monthly disability benefit, definition of disability, waiting period, and duration of benefits.
- Review the coverage periodically and adjust it according to changes in your income and expenses.

Life Insurance – Sam

Objective(s)

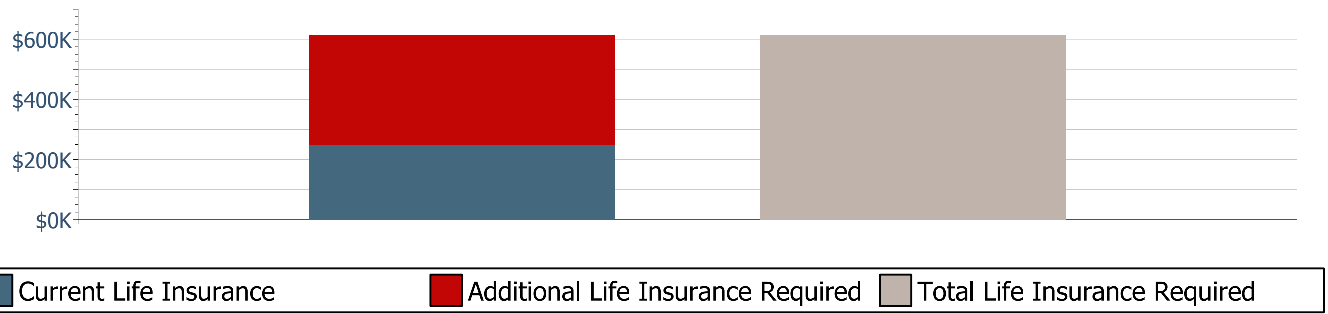
In the event of Sam's death, you want to ensure that Sue has enough income and capital to cover the family's expenses, and to fund your education and major purchase goals.

Analysis

Based on our assessment, you currently may not have sufficient life insurance to meet Sue's ongoing needs.

Increasing your **life insurance coverage by $364,578** can help reduce this shortfall.

If Sam Dies



If Sam Dies

Total Coverage Needed	$614,578
Current Life Insurance	$250,000
Additional Life Insurance Required	$364,578

These calculations are based on the return rate assigned to your current asset mix.

Consider the Following

- You may not want to rely solely on group policies at work. If you change jobs or your employer switches to another insurer, you may no longer be eligible for group benefits.
- Review your coverage periodically to ensure it continues to meet your family's changing needs.
- It is also important to consider continued savings to fund other financial goals.

Life Insurance – Sue

Objective(s)

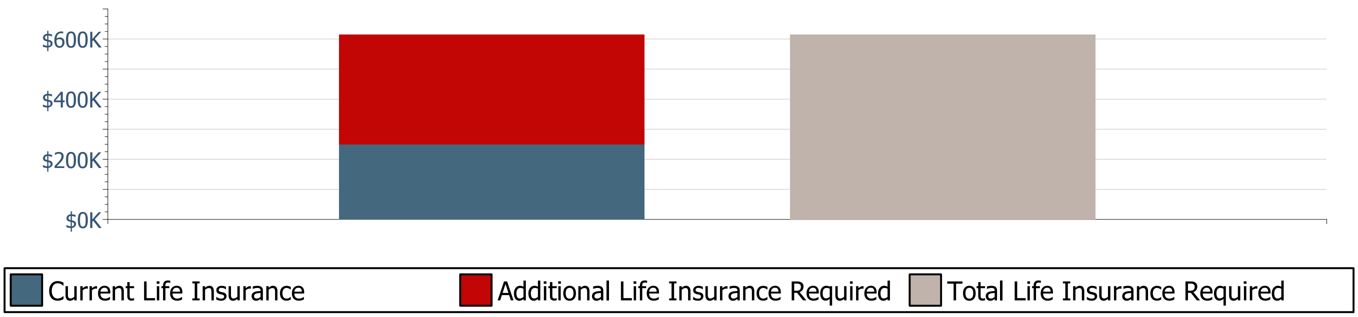
In the event of Sue's death, you want to ensure that Sam has enough income and capital to cover the family's expenses, and to fund your education and major purchase goals.

Analysis

Based on our assessment, you currently may not have sufficient life insurance to meet Sam's ongoing needs.

Increasing your **life insurance coverage by $364,578** can help reduce this shortfall.

If Sue Dies



If Sue Dies

Total Coverage Needed	$614,578
Current Life Insurance	$250,000
Additional Life Insurance Required	$364,578

These calculations are based on the return rate assigned to your current asset mix.

Consider the Following

- You may not want to rely solely on group policies at work. If you change jobs or your employer switches to another insurer, you may no longer be eligible for group benefits.
- Review your coverage periodically to ensure it continues to meet your family's changing needs.
- It is also important to consider continued savings to fund other financial goals.

Life Insurance – Sam and Sue

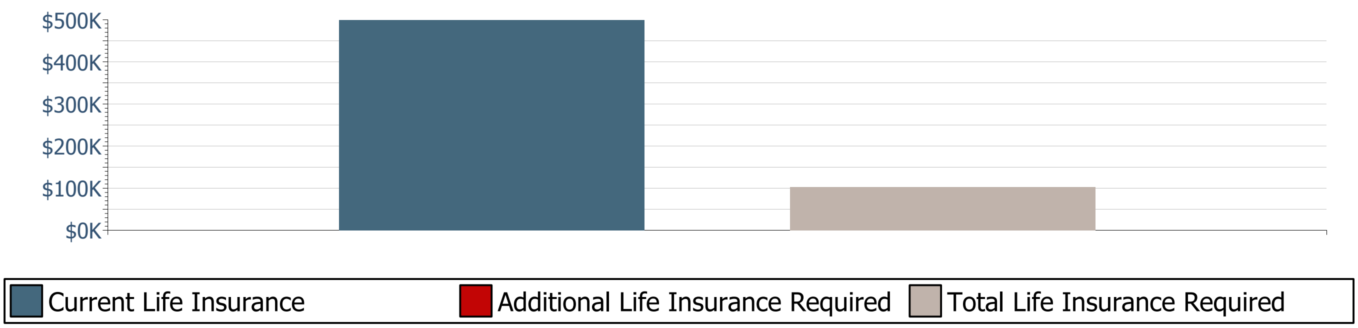
Objective(s)

In the event of Sam's and Sue's deaths, you want to ensure that your dependant has enough income and capital to cover lifestyle needs and education goals.

Analysis

Based on our assessment, you currently have sufficient capital and life insurance to meet your estate objectives.

If Sam and Sue Die



If Sam and Sue Die

Total Coverage Needed	$103,249
Current Life Insurance	$500,000
Additional Life Insurance Required	$0

These calculations are based on the return rate assigned to your current asset mix.

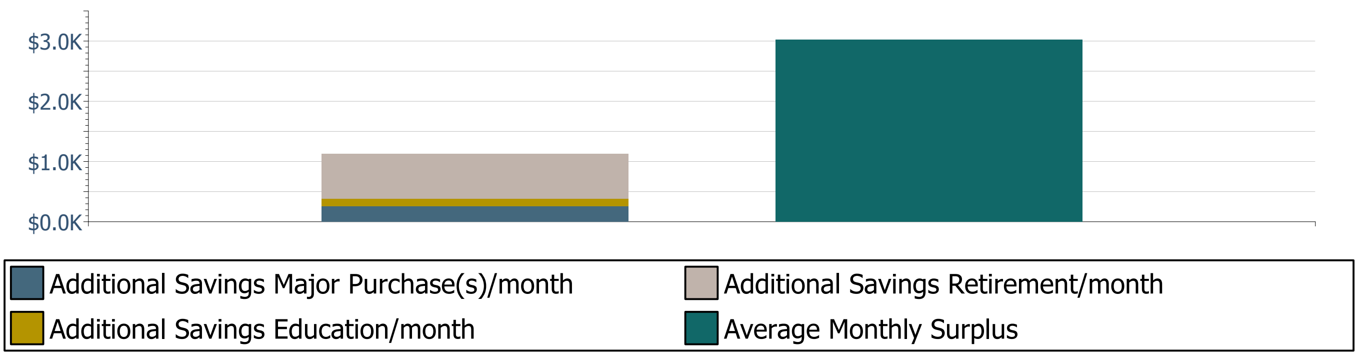
Consider the Following

- You may not want to rely solely on group policies at work. If you change jobs or your employer switches to another insurer, you may no longer be eligible for group benefits.
- Review your coverage periodically to ensure it continues to meet your family's changing needs.
- It is also important to consider continued savings to fund other financial goals.

Goal Attainability

Analysis

Based on our assessment, it appears you currently have sufficient cash flow resources to meet the additional savings requirements for your goals.



Additional Savings for Goals:	
Retirement	$739/month
Education:	
“Cindy's Education Goal”	$131/month
Major Purchases:	
“Boat”	$243/month
“New Kitchen”	$12/month
Average Monthly Surplus/Deficit*	$3,022

*Represents your average surplus/deficit over the next 5 years.

These calculations do not take into consideration potential premium increases for additional insurance.

These calculations are based on the return rate assigned to your current asset mix.

Consider the Following

- It is important to balance future goals with current lifestyle needs.
- Assess the priority of future goals based on available cash flow.

Conclusion

Now that you have an overview of your current financial situation, where do you go from here? Our recommendations are as follows:

- **Review this document** – Ensure you understand the information contained in the report. Be sure to ask us questions on areas that need clarification.
- **Assess the original objectives** – Are they realistic? Can you afford to implement all of your objectives? What are your priorities? If you are unable to fund all of your objectives, consider alternative goal dates, revised goal amounts, and alternative investment strategies. We will work together in the process.
- **Review various strategies** – This will help you to achieve your goals and determine a time frame for these strategies.
- **Decide on a course of action** – Together, we will evaluate the alternative that is consistent with your objectives and your financial ability.

Assumptions

In performing this assessment, we have made the following assumptions:

Tax Rates

	Sam	Sue
Pre-Retirement Tax Rates		
Average Tax Rate	23.30%	20.68%
Marginal Tax Rate	33.74%	31.91%
Retirement Tax Rates		
Average Tax Rate	18.59%	15.09%
Marginal Tax Rate	31.91%	20.81%
Death Tax Rates		
Average Tax Rate	20.68%	20.68%
Marginal Tax Rate	31.91%	31.91%

For dependants, your assessment assumed an average tax rate of 0.17% and a marginal federal rate of 20.05%.

Lifestyle Assets Growth Rate

A 2% growth rate was applied to lifestyle assets.

Lifestyle assets are jointly owned.

Lifestyle assets were purchased on Dec. 31 of the year prior to the assessment year.

Incomes and Expenses

An inflation rate of 2.00% was applied to pre-retirement incomes and expenses.

Pre-retirement incomes are salaries that commence on Jan. 1 of the assessment year and end on retirement.

CPP/QPP and OAS

All CPP/QPP and OAS benefits are indexed to the inflation rate.

CPP/QPP retirement benefits start at age 65.

CPP/QPP survivor benefits are applicable.

CPP/QPP disability benefits are not included in this assessment.

CPP/QPP benefits are shared.

Liabilities

All liabilities are jointly owned.

All liabilities assume monthly compounding. Amortization is automatically calculated based on the values entered, using a principal and interest loan payment schedule.

Upon death, all liabilities are transferred to the survivor.

Retirement Expense

An annual inflation rate of 2.00% has been applied to the “Retirement goal expense”.

Pension Details

Pension income starts at retirement and ends at death for all pensions entered into the assessment.

Pension income is paid annually and indexed to 3%.

Registered Assets

Registered accounts are assumed to be RRSPs.

Savings Strategies

Saving strategies for the retirement goal began Jan. 1 of 2014 and end Dec. 31 of the year prior to retirement.

Saving strategies for the education goal began Jan. 1 of 2014 and end Dec. 31 of the last year of the education goal.

Savings strategies for the major purchase goals began Jan. 1 of 2014 and end Dec. 31 of the year prior to the major purchase.

Education Goal

An annual inflation rate of 4.00% has been applied to the “Cindy's Education Goal” goal.

Major Purchase Goals

An annual inflation rate of 3.00% has been applied to the “Boat” goal.

An annual inflation rate of 3.00% has been applied to the “New Kitchen” goal.

Life Insurance Needs

In the event of Sam's or Sue's death, we assume that 100% of your goals will continue.

In the event of Sam's and Sue's death, we assume that 100% of your education goals will continue.

The life insurance policy type is assumed to be a 10-year term policy which does not lapse.

The insured owns the policy and pays the premium.

The beneficiary is assumed to be the non-insured client.

The Quick Assessment method is used.

If Sam dies, the assumed rate of return is 5.00%, and the survivor's tax rate is 30.00%.

If Sue dies, the assumed rate of return is 5.00%, and the survivor's tax rate is 30.00%.

If both die, the assumed rate of return is 5.00%, and the survivor's tax rate is 30.00%.

Outstanding liabilities are funded at death for purposes of the life insurance assessment.

All major purchase goals are covered.

Disability Insurance Needs

In the event of Sam's or Sue's disability, we assume that 100% of your stated liabilities and goals will continue.

In the event of Sam's or Sue's disability, we assume that there is a 2- week waiting period before receipt of your short-term disability benefits and a 3- month waiting period before receipt of your long-term disability benefits.

An expense coverage of 100% is applied to your lifestyle and medical expenses.

The coverage is a group LTD policy.

The benefit type is a flat dollar amount.

Benefits are not taxable.

The insured member owns the policy and pays the premium.

Benefits will not be offset by CPP/QPP & OAS.

The return on disability insurance surpluses and liquidations is 6.00%.

Disclaimer

This assessment is hypothetical in nature and is intended to help you in making decisions on your financial future based on information that you have provided and reviewed.

The calculations or other information generated by NaviPlan regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results.

Criteria, Assumptions, Methodology, and Limitations of the Assessment

The assumptions used in this assessment are based on information provided and reviewed by you. Those assumptions must be reconsidered on a frequent basis to ensure the results are adjusted accordingly. The smallest of changes in assumptions can have a dramatic impact on the outcome of this assessment. Any inaccurate representation by you of any facts or assumptions used in this assessment invalidates the results.

We have made no attempt to review your property and liability insurance policies (auto and homeowners, for example). We strongly recommend that in conjunction with this assessment, you consult with your property and liability agent to review your current coverage to ensure it continues to be appropriate. In doing so, you may wish to review the dollar amount of your coverage, the deductibles, the liability coverage (including an umbrella policy), and the premium amounts.

This assessment does not constitute advice in the areas of legal, accounting or tax. It is your responsibility to consult with the appropriate professionals in those areas either independently or in conjunction with this assessment process.

Results May Vary With Each Use and Over Time

The results presented in this assessment are not predictions of actual results. Actual results may vary to a material degree due to external factors beyond the scope and control of this assessment. Historical data is used to produce future assumptions used in the assessment, such as rates of return. Past performance is not a guarantee or predictor of future performance.

Actual return rates and performance may vary to a significant degree from that represented in this assessment.

Investments Considered

This assessment does not consider the selection of individual securities; the assessment provides model portfolios. The results contained herein do not constitute an actual offer to buy, sell or recommend a particular investment or product. All investments are inherently risky. The return rates used in the assessment are broad in nature. The illustrations are not indicative of the future performance of actual investments, which will fluctuate over time and may lose value.

There are risks associated with investing, including the risk of losing a portion or all of your initial investment.

Fees and charges are not taken into account and will impact results.