

# Retirement Strategy

*for*

**John and Jane Doe**

as at Monday, May 19, 2003

*Prepared by*

**Andre Choquette**

Choquette and Company Group Inc.

Monday, May 19, 2003

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Andre Choquette  
Choquette and Company Group Inc.  
10662-240A St  
Maple Ridge, British Columbia  
V2W 2B1

John and Jane Doe  
123 West Street  
Burnaby, British Columbia  
V3M 6M6

Dear John and Jane:

We are pleased to provide the enclosed Retirement Strategy for your review. This Retirement Strategy will help you choose the appropriate retirement income vehicle(s) taking into consideration your pension(s) and Government benefits.

During our analysis, we developed a plan to:

- Help you reduce taxes by using income splitting techniques,
- Help you develop a reasonable budget with lifestyle expenditures that reflect your income resources,
- Accurately reflect indexing of cost of living, pensions and other sources of retirement funds,
- Predict on an annual basis when you may have a shortfall or excess of funds,
- Accurately reflect income from O.A.S. benefits.

Where applicable, we have taken into consideration your financial goals and objectives throughout the planning process. As well, we have made several assumptions about financial indices, interest rates and inflation that you should review on the enclosed Assumptions form. These assumptions are based on historical data and represent an educated guess about future events. Since the projections in the Retirement Strategy are based on these assumptions, actual results may vary from the results proposed in this plan.

We have also enclosed an Implementation checklist that details the steps that are required in order to implement your Retirement Strategy.

Finally, we suggest that a review of your Retirement Strategy take place on a yearly basis. If you have any questions about the enclosed, please contact me at 604-463-8202.

Sincerely yours,

**Choquette and Company Group Inc.**

Andre Choquette

Enclosure

# Executive Summary Choquette and Company Group Inc.

John and Jane Doe  
 123 West Street  
 Burnaby, British Columbia  
 V3M 6M6

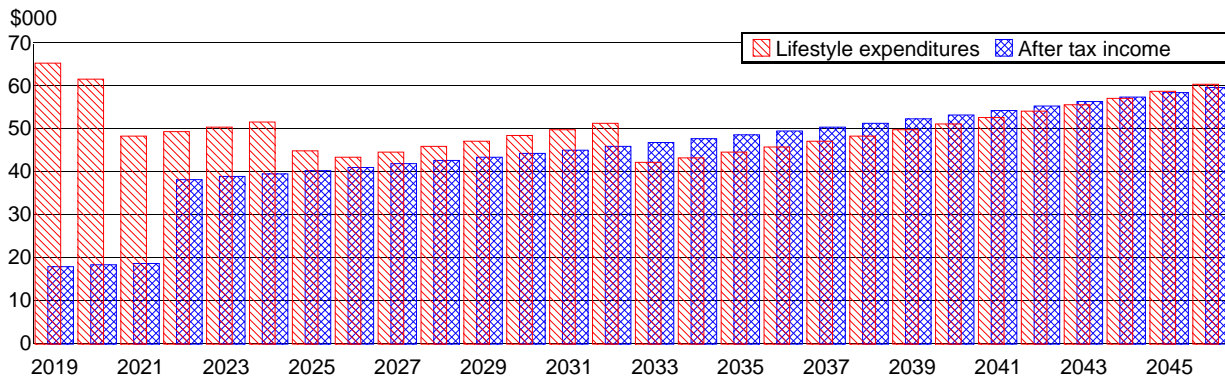
Prepared by Andre Choquette, Phone: 604-463-8202  
 using financial data available as of Monday, May 19, 2003.  
 Printed on Monday, May 19, 2003.

Dear John and Jane:

Thank you for allowing us to review your financial situation and help you manage your financial future. This is a summary of your current financial snapshot, along with some recommendations to move forward. Where applicable, we have taken into consideration your financial goals and objectives throughout the planning process. As well, we have made several assumptions about financial indices, interest rates and inflation. These assumptions are based on historical data and represent an educated guess about future events. Since the projections in the following recommendations are based on these assumptions, actual results may vary from the results proposed in this plan.

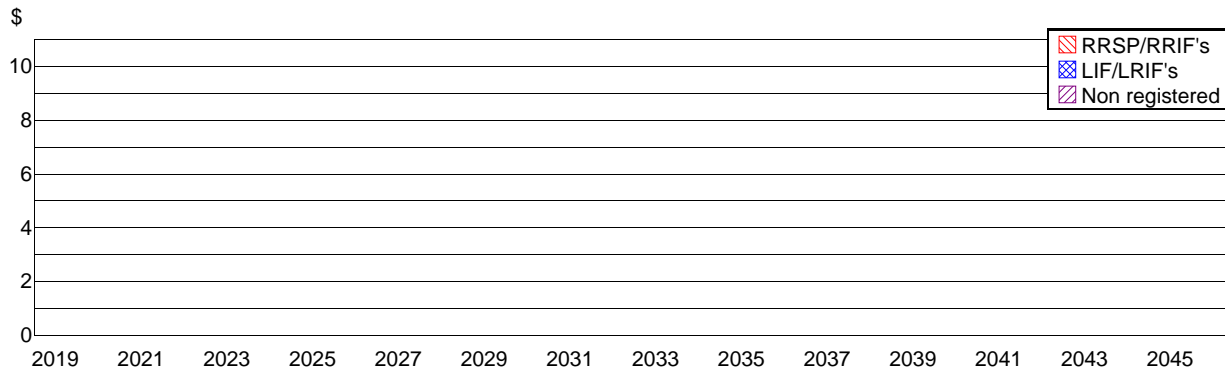
## Retirement Strategy Summary

### Income and Expenses



Your retirement strategy has calculated your after tax income and expenditures from 2019 to 2047. Over the duration of the retirement period, you will earn \$1,380,709, with estimated taxes of \$117,950. The resulting \$1,262,759 after tax income is compared to your estimated annual expenses, in the graph above.

### Savings



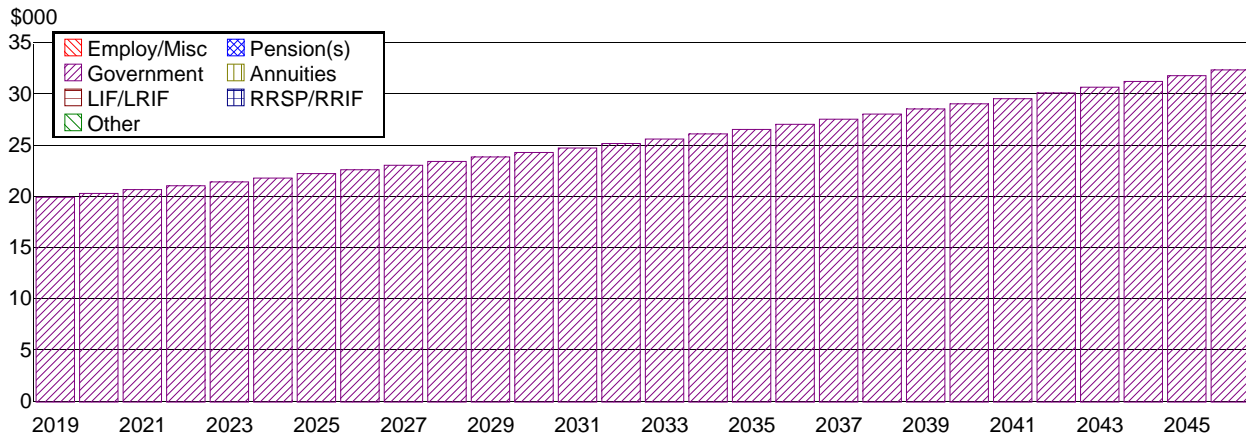
At the outset of your retirement, in 2019, the total amount of your savings is \$0. By the end of your retirement period, in 2047, you will have depleted your entire savings.

## Retirement Income Summary

You have indicated that you require \$65,479 per year (in today's dollars) after tax to meet your expected retirement lifestyle expenses.

### John:

Your retirement strategy specifies the following income streams for each year of retirement:

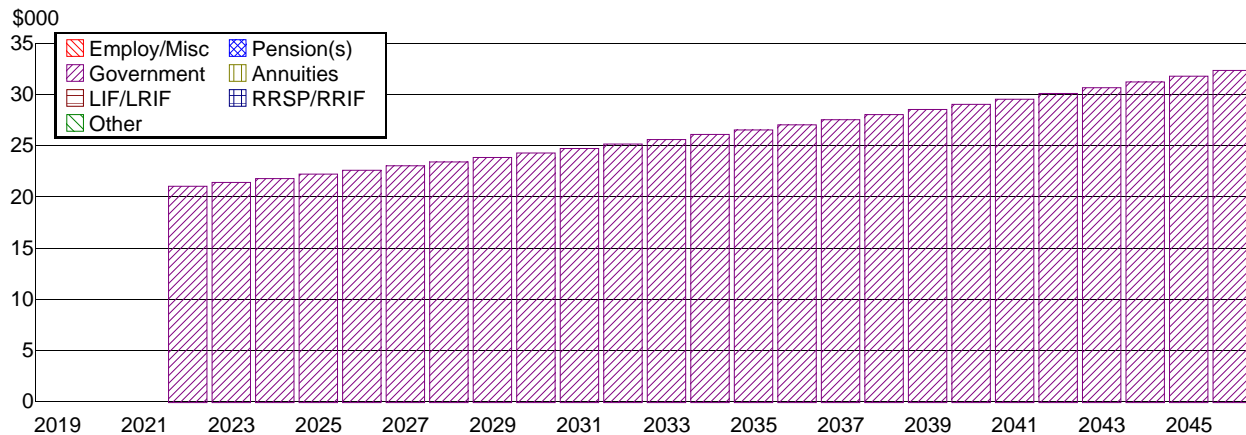


The cumulative effect of this strategy is that over the entire retirement period, you will have a before tax total income of \$720,941. With estimated tax of \$61,869, the total after tax income you will receive throughout retirement is \$659,072.

Your CPP benefit commences at age 65 with annual benefits of \$12,791.00. OAS benefits are included in your retirement strategy, with payments commencing at age 65. The OAS benefit in current dollars is \$5,440.32.

### Jane:

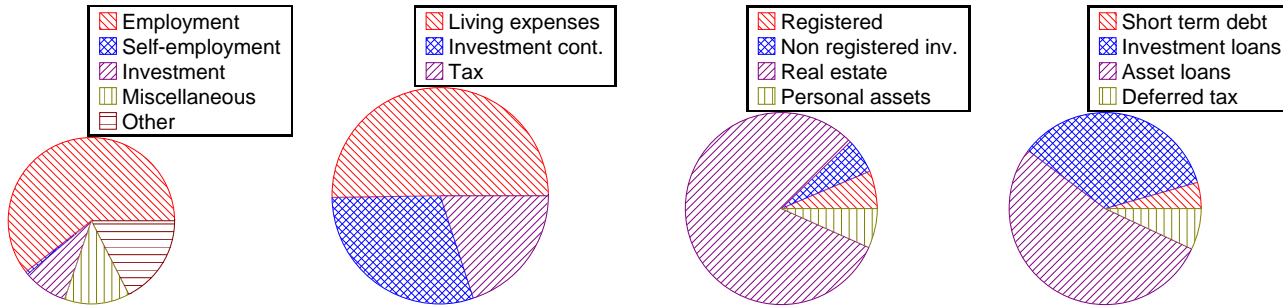
Your retirement strategy specifies the following income streams for each year of retirement:



The cumulative effect of this strategy is that over the entire retirement period, you will have a before tax total income of \$659,768. With estimated tax of \$56,081, the total after tax income you will receive throughout retirement is \$603,687.

Your CPP benefit commences at age 65 with annual benefits of \$13,494.00. OAS benefits are being included in your retirement strategy, with payments commencing at age 65. The OAS benefit in current dollars is \$5,440.32.

## Combined Cash Flow and Net Worth



### Cash flow income sources and uses

#### Sources of income

Employment income	108,170.80
Self-employment income	591.25
Investment income	15,510.07
Pension income	0.00
Miscellaneous	22,921.20
Business & other income	30,626.81
<b>Total sources of cash</b>	<b>177,820.13</b>

#### Uses of cash

Living expenses	67,644.00
Investment contributions	39,681.71
Estimated tax	26,724.07
<b>Total uses of cash</b>	<b>134,049.78</b>

**Unallocated cash**                      **43,770.35**

### Net worth assets and liabilities

#### Assets

Registered investments	47,500.00
Non-registered investments	42,317.70
Real estate	583,000.00
Personal assets	46,000.00
Business assets	0.00
Other	0.00
<b>Total assets</b>	<b>718,817.70</b>

#### Liabilities

Short term obligations	19,175.00
Investment & business loans	144,616.76
Personal asset loans	219,481.86
Other debts	0.00
<b>Total liabilities</b>	<b>383,273.62</b>

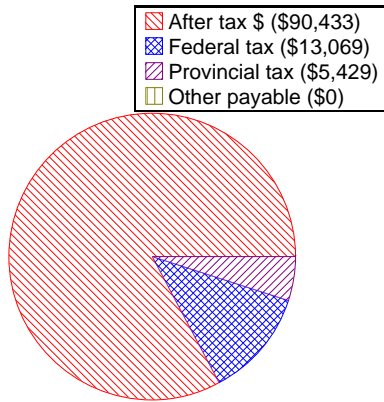
**Deferred income tax**                      **27,393.00**

**Net worth**                                      **308,151.08**

The unallocated cash amount of \$ 43,770.35 is the difference between the amount you are making and the amount you are spending. This represents an opportunity to increase your wealth by investing a portion of this amount without reducing your lifestyle.

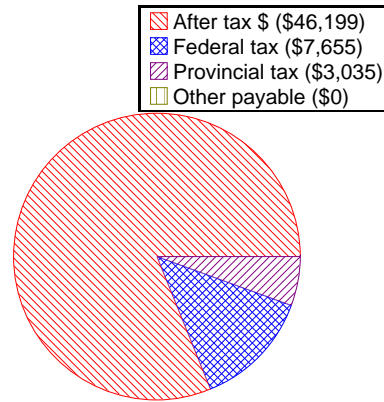
The deferred income tax amount of \$ 27,393.00 is the amount of tax you would pay today if all your assets were sold. Your net worth of \$ 308,151.08 is your total assets LESS your total liabilities and this deferred tax amount.

## Tax Position



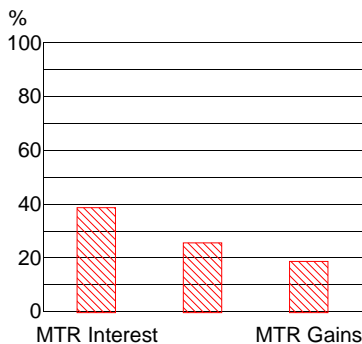
**John's tax situation**

Gross income	108,930.74
Total income for tax	108,930.74
Net income	97,005.67
Taxable income	74,084.47
Non-refundable tax credits	1,687.49
Federal tax	13,068.77
Other payable	0.00
Provincial tax	5,428.86
<b>Total payable</b>	<b>18,497.63</b>
Less: other credits	11,006.10
<b>Balance owing (refund)</b>	<b>7,491.53</b>



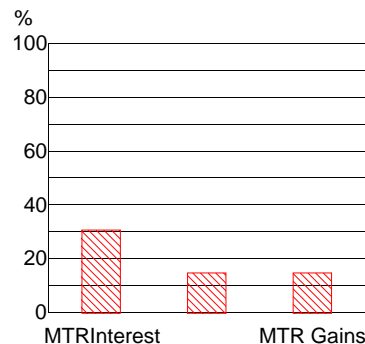
**Jane's tax situation**

Gross income	56,889.39
Total income for tax	56,889.39
Net income	51,120.00
Taxable income	51,120.00
Non-refundable tax credits	1,660.29
Federal tax	7,655.13
Other payable	0.00
Provincial tax	3,035.11
<b>Total payable</b>	<b>10,690.24</b>
Less: other credits	11,005.92
<b>Balance owing (refund)</b>	<b>(315.68)</b>



**John's Marginal Tax Rates**

Interest (non-deductible) income	39.70 %
Dividend income	26.58 %
Capital gains	19.85 %



**Jane's Marginal Tax Rates**

Interest (non-deductible) income	31.15 %
Dividend income	15.90 %
Capital gains	15.58 %

A marginal tax rate is the percentage of tax you will pay if you make another dollar of any of the three types of income (interest, dividends or capital gains). Since each of these types is handled differently by the tax act, your three marginal tax rates are also different. For example, if John earned \$800 capital gain income, you would pay an additional \$158.80 in tax (leaving you with \$641.20). The same income earned as interest would require an additional \$317.60 (leaving you with \$482.40). Knowing these rates helps in tax planning.