



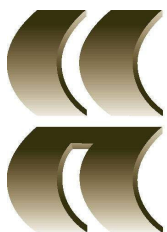
CROFT  
FINANCIAL  
GROUP

INVESTMENT COUNSELLORS-PORTFOLIO MANAGERS



# FINANCIAL PLANS

Why you should have one and  
how we can help build  
and maintain yours



CROFT  
CAPITAL  
MANAGEMENT

# What is Financial Planning?

Building a financial plan is the development of a roadmap to achieve financial security for you and your family. A good financial plan does many things but perhaps most importantly, it brings us closer to our financial goals by building investment capital.

Your pool of invested capital can be achieved by:

- ◆ reducing income taxes
- ◆ saving portions of your income
- ◆ minimizing interest expense
- ◆ implementing a structured investment program

At the same time you want to protect your family by ensuring your plan includes appropriate provisions for:

- ◆ an estate plan
- ◆ powers of attorney
- ◆ life insurance
- ◆ disability insurance

Tying all of these issues together is the process of creating a personal financial plan.

There are two thoughts to keep in mind as we build your plan.

1. It is a process and as such there are steps we must take in order to generate your plan. For example, prior to creating a plan we need to establish your personal goals. You may be focused on issues such as educating children, becoming debt free, caring for elderly parents or sustaining your lifestyle during retirement.
2. We need to be aware that everyone has a financial plan. This can be as simple as increasing monthly mortgage payments in order to meet a goal of being mortgage free by a specific date.

Many people develop informal plans for their investments, insurance, estate and taxes, with each area considered a separate component. In many instances the combination of these separate components does not form a comprehensive plan, and this increases the risk of financial goals remaining unachieved.

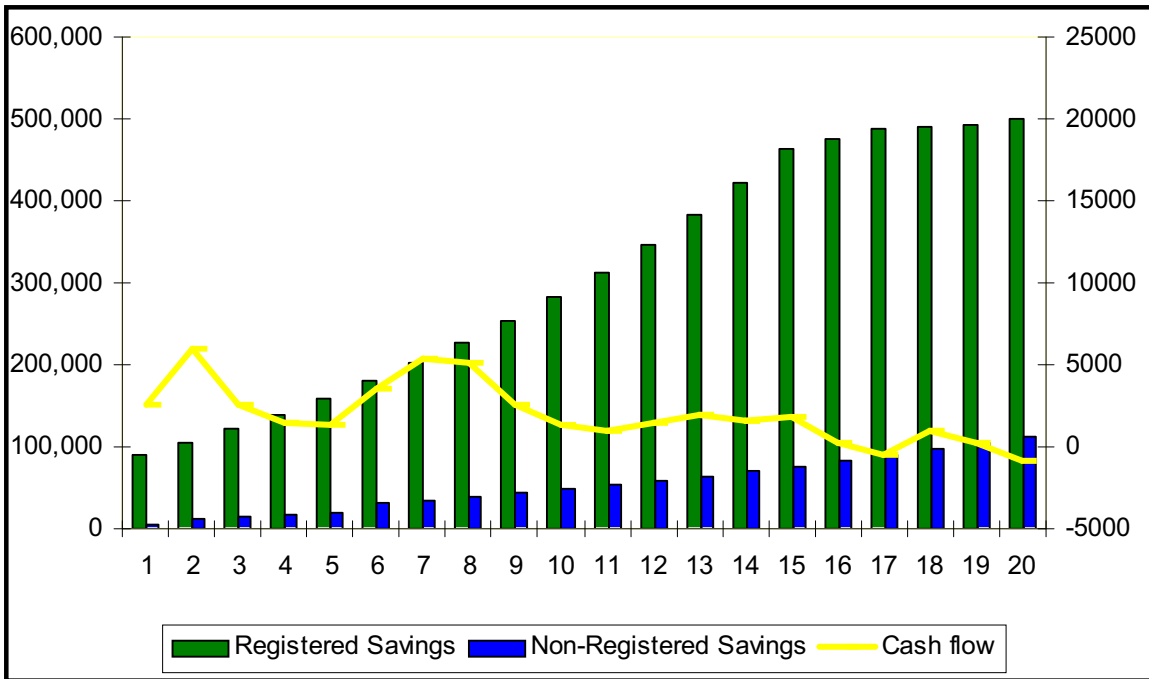
The objective of a good financial plan is to maximize the value of your financial resources. The plan is not static, just as the financial environment is not static. It must change as your personal circumstances do and, as there are changes to tax, other legislation and the economic environment. Financial planning is an on-going activity and the plan is an evolving roadmap to the achievement of your financial goals.

## Why Develop A Plan For Your Family?

We all recognize that a prudent businessperson puts together a detailed analysis and business plan prior to entering into a new venture. This plan will review the pros and cons of the new venture and assess the likelihood of success. Unfortunately, many of us do not put this same thought and planning into managing our personal financial affairs.

By formalizing the planning process we are much more likely to develop a financial plan that will be successful for you and your family. A well-developed plan will tie together all aspects of your financial and security needs, maximizing the use of financial resources and minimizing duplication. Perhaps most importantly, it will enable you to prioritize your financial objectives.

Without a well-constructed financial plan it is impossible to accurately assess our progress with respect to our goals. Your plan is the roadmap to your financial future and, to reach your final destination, we must check the map periodically to ensure you are still on the right road and on schedule.



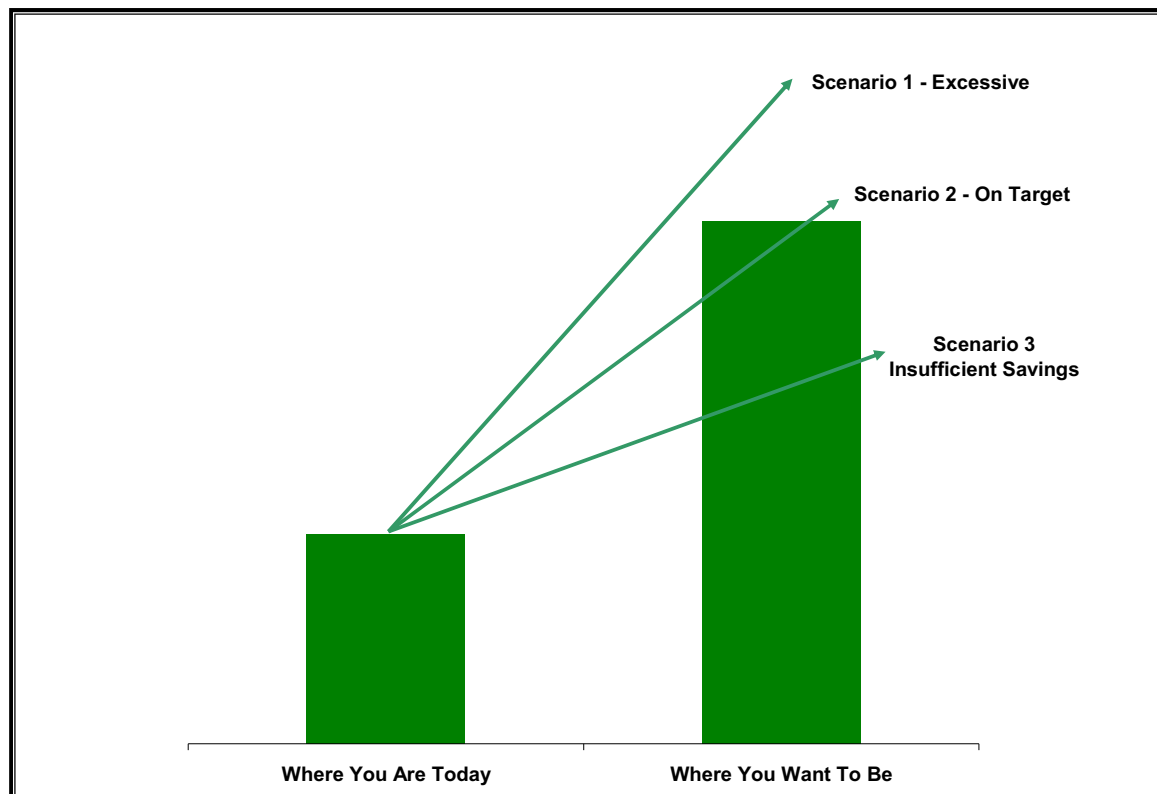
There are numerous alternatives that you will want to consider as we develop your financial plan. These may include choices ranging from purchasing a vacation home or taking a sabbatical to debt reduction or increased retirement savings.

By evaluating the effects of each alternative on short and long term cash flow as well as on long-term capital accumulation, we can help you prioritize your options. A good financial plan allows you to create a reasonable balance between your needs and your desires.

## What are the steps in creating a financial plan?

The first step is to determine your objectives for both the short and long term. Once we determine your targets, we can begin to examine where you are today with respect to these goals. From there we generate forecasts based on your expectations and preferences.

From this base case, we can create and compare scenarios. We can use the base case as a platform while exploring various options and lifestyle decisions. For example, a retiree may wish to test the likelihood of their savings lasting throughout their lifetime by running the analysis with extremely conservative rates of return on investments, or with a very high inflation rate applied to living expenses.



Once all of the potential strategies have been thoroughly reviewed, a final analysis is prepared. This analysis will not only incorporate your financial targets and the effect of the financial strategies selected for implementation, it will also be your roadmap.

When your roadmap is completed, you will be in a position to begin to take action. After it is implemented, we can monitor the results of your plan based on the targets created in your financial analysis. It is important to revisit the planning process on a regular basis to evaluate changes to your personal circumstances, your financial circumstances or the financial environment, and to update and amend your action plan as necessary.

## Our Role In Developing Your Plan?

Your financial planner at Croft Financial Group will assist you in developing a complete plan. By reviewing your current situation and evaluating your concerns and financial objectives, you will be able to review the impact of various lifestyle decisions and see the impact of the strategies identified by your financial planner.

We will design strategies to:

- ◆ minimize your family tax bill
- ◆ reduce interest expense
- ◆ develop a long-term savings strategy
- ◆ maximize the value of your estate
- ◆ meet any other financial goals you may have.

It is important to remember that a financial planner is a generalist. Depending on the complexity of your personal situation and the strategy to be implemented, it may be necessary to periodically involve other professionals.

In addition to the services discussed your financial planner will:

- ◆ review income tax returns
- ◆ review Wills and Powers of Attorney
- ◆ analyze life and disability insurance needs
- ◆ estimate estate taxes provide all service elements related to your managed investment account

Our goal is to provide a professional planning service that allows you to simplify and improve the management of your personal finances, as a means to achieving your goals.

Having laid the foundation, let's get started...

## Identify Your Objectives

### Personal Retirement Questions to ask;

- ◆ When do I want to retire?
- ◆ Where do I want to live when I am retired?
- ◆ Do I want to take on a second career?
- ◆ Will I keep busy with volunteer work?
- ◆ Do I want to travel, engage in any hobbies, or go back to school?
- ◆ How will I spend my time?
- ◆ What do you most look forward to doing?
- ◆ If you could do anything you want, time and money aside, what would it be?
- ◆ Where do you dream of going?
- ◆ Do you have a certain destination in mind?
- ◆ How much traveling do you plan to do, and with whom?
- ◆ How Do You Define a Successful Retirement?

This is really an opportunity to create the rest of your life, really think about what you want to do in retirement and who you want to be. We will cover these questions at our initial financial planning meeting but it would be helpful if you spent some time to reflect on what the next phase of your life is going to look like. To assist you, please find the “Croft Financial Dream Page”. Be as specific as possible. Do you want to go to Egypt or climb Mt. Everest, move to sunny Florida or putter around in the garden? This is the time to create your life, be inspired.

## Financial Retirement Questions

- ◆ Do you have any savings or a savings plan?
- ◆ Do you have a savings goal?
- ◆ Do you have an emergency fund? (How much of it is liquid?)
- ◆ Do you have savings on hand equal to three to six months’ living expenses?
- ◆ Do you want protection for yourself and your family against the risks of death, disability, medical expenses, property losses and liability losses
- ◆ What kind of Life Insurance do you have?
- ◆ What kind of death benefits do you now have other the government sponsored?
- ◆ Do you feel you have enough life insurance along with other death benefits and assets available to your family to meet your objectives?
- ◆ Have you elected to take all the employer life insurance you are entitled to?
- ◆ Do you know what your pension is worth?

## What other special concerns do you have?

- ◆ Children or other dependants with special problems or needs
- ◆ Economic or investment uncertainties

## Employment Uncertainties

While any plan to maximize your wealth will primarily focus on the future, you can't completely ignore your financial past. Even if you don't have to make major adjustments in how you handle your personal finances, we will need to have an accurate picture of what your finances are now, if for no other reason than to gauge how much more money you'll need to meet your various financial goals.

To assist you in preparing financial information required for creating a financial plan we have created a client information booklet.

You may not be able to fill out the forms in full, please just complete what you can and along with the statements we will complete the remaining sections.

If you have any question at all, please feel free to call, I am available anytime.

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# Croft Financial Group Dream Pages

When do I want to retire?

Where do I want to live when I am retired?

Do I want to take on a second career?

Will I keep busy with volunteer work?

Do I want to travel, engage in any hobbies, or go back to school?

How will I spend my time?

What do you most look forward to doing?

If you could do anything you want, time and money aside, what would it be?

**Where do you dream of going?**

**Do you have a certain destination in mind?**

**How much traveling do you plan to do, and with whom?**

**How Do You define a Successful Retirement?**

**How do you want to make your lasting mark?**