

Mid Career Professional Example - Employee in a Tech Company

Situation - The client (Wayne) makes a very good income (\$150k+) and is looking for peace of mind to make sure he is doing everything right financially to secure a sound present, future and / or early retirement. He is also in the process of buying a home and recently had a daughter with his partner.

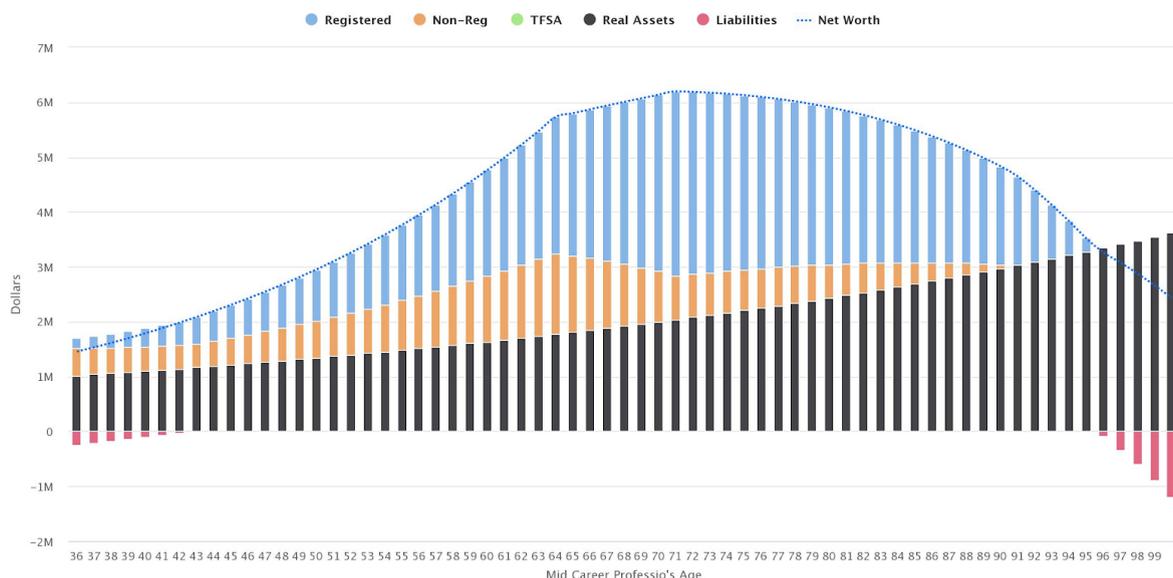
Assets -

1. Pre construction condo - net amount \$ 150,000
 2. Current condo (primary residence) - net amount \$ 230,000
 3. Cash \$ 350,000
 4. Vested company shares (His employer) - \$ 340,000
- Total net assets \$ 1.07 MM

Goals -

1. How much can I comfortably spend on a house?
2. How do I save for my daughter's education?
3. How do I plan tax efficiently to maximize my assets?
4. Are all of my possible financial needs covered?
5. Plan for an emergency fund

What follows is a very quick snapshot of the financial planning process. It excludes many parts of the process including the spending / savings analysis and insurance needs analysis. Every client's situation is different and this is for illustrative purposes only:



Graphs shows a diversified asset mix until retirement at 65. Then the client wishes to sell off their investment portfolio first and retain their real estate as long as possible.



Recommendations

1. Start an RESP (retirement education savings plan) right away for his daughter. Contribute \$2,500 per year to maximize the Canada Education Savings Grant
2. Buy the house that he (his partner) wants for \$1,350,000. Get a HELOC (high equity line of credit) for emergencies so they can maximize the down payment
3. Sell the pre construction condo to help fund the house purchase.
4. Asset diversification is required - currently assets are in housing and 1 company's stock. Sell some of the stock and purchase market index ETF's / bonds via a self directed online account.
5. Contribute to RRSP's for maximum tax efficiency
6. Purchase disability insurance for income replacement and life insurance after a needs assessment

Result - Asset maximization and tax efficiency now and in the future. Good education plan for his daughter's future. Peace of mind and a happy, growing family.

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