

Financial Analysis



PREPARED FOR:
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AN INTRODUCTION

The Importance of Life Insurance

Purchasing a life insurance policy is often important during the estate planning process. In the event of death, a life insurance policy is a safety net that helps ensure a loved one's future financial obligations are met; covering items such as funeral costs, outstanding debt, and everyday living expenses. Additionally, if a stay-at-home parent passes away, expenses such as child care and other domestic items can create financial hardship as well.

There are numerous types of life insurance available to meet your specific needs. In order to determine the type and amount of life insurance that will accomplish your financial objectives, it is important to first review your current situation. Not all solutions will work for everyone, and the choices that you make should be based on your specific circumstances.

The top two reasons that people do not have life insurance are: the presence of competing financial priorities and the belief that life insurance is not affordable. Completing a comprehensive financial review can determine whether or not this is true for you, and can show how risky it is to be without life insurance.

Speaking to the realities of death can be difficult and is something that many avoid. While this topic can be difficult to discuss, it is important to carefully consider the effects that death can have on a survivor's financial situation.

A recent study by LIMRA revealed that "Almost half of Canadian households admit they would have immediate trouble meeting expenses if a wage earner died."

Unfortunately, death can occur suddenly and unexpectedly. While you cannot predict when this possibility will occur, you can prepare your family for financial success even in the case of unexpected death.

The reports in the following section outline your needs in case of a survivorship situation. In the pages that follow you will find a summary of your needs and abilities, which will frame the discussion around how life insurance can help you in meeting your financial goals.

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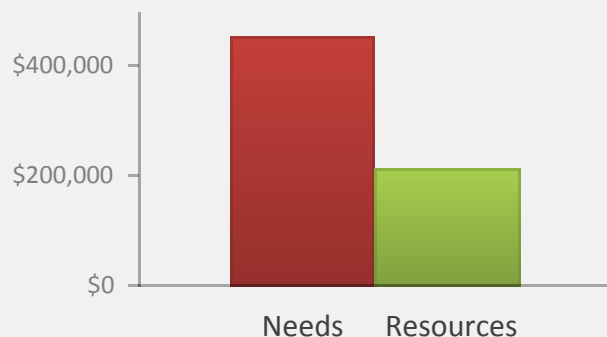
Immediate Needs vs. Available Resources

Can we meet our survivorship needs if Bill passes away?

When a loved one passes they often leave behind liabilities and expenses. It is important to cover these needs in order to adequately manage future cash expenditures.

Some or all of these needs can be offset by making resources available. Life insurance may be the most important of these resources, although you can make other resources available to help cover costs.

NEEDS VS. RESOURCES



Immediate Needs	Current Plan	Proposed Plan
Lump Sum Needs	\$99,860	\$99,860
Liabilities	\$349,000	\$349,000
Total Immediate Needs	\$448,860	\$448,860
Available Resources		
Life Insurance Held	\$164,500	\$914,500
Realizable Assets	\$46,550	\$46,550
Total Available Resources	\$211,050	\$961,050

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Insurance Needs in Survivorship

What will our survivorship needs be if Bill passes away?

Survivorship needs represent the amount of money necessary today to cover future lost income and/or increased expenses due to the passing of a loved one. A key factor in determining the amount of life insurance to purchase is ensuring that you will be able to reach not only your current, but also future financial goals. Therefore, it is critical to take these future cash flows into account to help you achieve all of your goals.

The additional recommended coverage for survivorship can differ significantly from total future deficits due to tax effects, differences in future asset and liability growth rates, the impact of adding insurance, and the growth of added insurance.

Survivorship Needs	Current Plan	Proposed Plan
Future Outflows		
Lifestyle & Medical	\$1,532,551	\$1,532,551
Taxes	\$335,593	\$414,262
Total Future Outflows	\$1,868,144	\$1,946,813
Future Inflows		
Earned Income	\$919,530	\$919,530
Pension & CPP/QPP	\$199,115	\$199,115
Non-Registered Proceeds	\$0	\$768,994
Other Inflows ¹	\$72,518	\$59,174
Total Future Inflows	\$1,191,163	\$1,946,813
Total Future Deficits	(\$676,981)	\$0
Additional Recommended Coverage for Survivorship	\$511,134	\$0

¹ Other Inflows captures insurance benefits received, lifestyle asset liquidations, and any other miscellaneous income.

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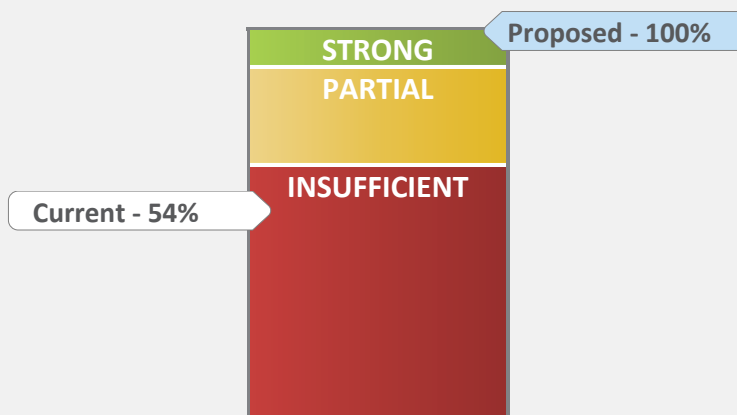
How Much Life Insurance Is Needed?

Bill passes away

You may require additional life insurance if your current level of insurance and other available assets do not meet your total life insurance needs. To increase the likelihood of reaching your financial goals, matching insurance coverage with insurance need is highly recommended.

Your additional recommended life insurance is determined by adding any immediate needs created at the time of passing to any survivorship needs that this passing creates and subtracting any assets available to offset these needs.

SURVIVOR INCOME GOAL COVERAGE



Additional Insurance Recommended	Current Plan	Proposed Plan
Immediate Needs vs. Resources Available		
Immediate Needs	\$448,860	\$448,860
Resources Used Immediately	\$211,050	\$443,043
Additional Insurance Needed for Immediate Needs	\$231,993	\$0
Insurance Needs in Survivorship		
Future Outflows	\$1,868,144	\$1,946,813
Future Inflows	\$1,191,163	\$1,946,813
Total Future Deficits	(\$676,981)	\$0
Additional Insurance Needed for Survivorship	\$511,134	\$0
Additional Insurance Recommended	\$743,127	\$0

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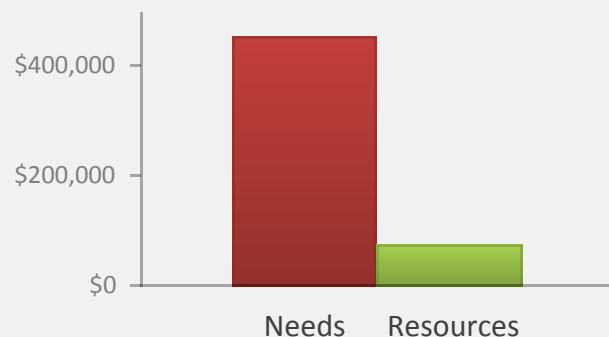
Immediate Needs vs. Available Resources

Can we meet our survivorship needs if Marcia passes away?

When a loved one passes they often leave behind liabilities and expenses. It is important to cover these needs in order to adequately manage future cash expenditures.

Some or all of these needs can be offset by making resources available. Life insurance may be the most important of these resources, although you can make other resources available to help cover costs.

NEEDS VS. RESOURCES



Immediate Needs	Current Plan	Proposed Plan
Lump Sum Needs	\$99,860	\$99,860
Liabilities	\$349,000	\$349,000
Total Immediate Needs	\$448,860	\$448,860
Available Resources		
Life Insurance Held	\$25,000	\$655,000
Realizable Assets	\$46,550	\$46,550
Total Available Resources	\$71,550	\$701,550

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Insurance Needs in Survivorship

What will our survivorship needs be if Marcia passes away?

Survivorship needs represent the amount of money necessary today to cover future lost income and/or increased expenses due to the passing of a loved one. A key factor in determining the amount of life insurance to purchase is ensuring that you will be able to reach not only your current, but also future financial goals. Therefore, it is critical to take these future cash flows into account to help you achieve all of your goals.

The additional recommended coverage for survivorship can differ significantly from total future deficits due to tax effects, differences in future asset and liability growth rates, the impact of adding insurance, and the growth of added insurance.

Survivorship Needs	Current Plan	Proposed Plan
Future Outflows		
Lifestyle & Medical	\$1,532,551	\$1,532,551
Non-Registered Contributions	\$0	\$32
Taxes	\$485,017	\$526,387
Total Future Outflows	\$2,017,568	\$2,058,970
Future Inflows		
Earned Income	\$1,417,609	\$1,417,609
Pension & CPP/QPP	\$199,115	\$199,115
Non-Registered Proceeds	\$0	\$393,415
Other Inflows ¹	\$54,814	\$48,831
Total Future Inflows	\$1,671,537	\$2,058,970
Total Future Deficits	(\$346,030)	\$0
Additional Recommended Coverage for Survivorship	\$256,658	\$0

¹ Other Inflows captures insurance benefits received, lifestyle asset liquidations, and any other miscellaneous income.

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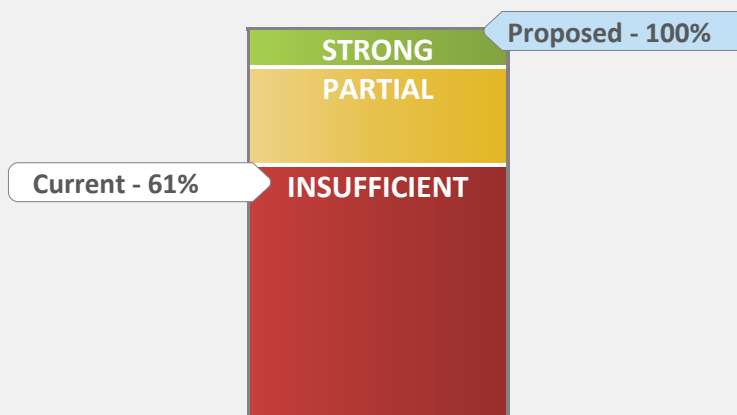
How Much Life Insurance Is Needed?

Marcia passes away

You may require additional life insurance if your current level of insurance and other available assets do not meet your total life insurance needs. To increase the likelihood of reaching your financial goals, matching insurance coverage with insurance need is highly recommended.

Your additional recommended life insurance is determined by adding any immediate needs created at the time of passing to any survivorship needs that this passing creates and subtracting any assets available to offset these needs.

SURVIVOR INCOME GOAL COVERAGE



Additional Insurance Recommended	Current Plan	Proposed Plan
Immediate Needs vs. Resources Available		
Immediate Needs	\$448,860	\$448,860
Resources Used Immediately	\$71,550	\$443,043
Additional Insurance Needed for Immediate Needs	\$371,493	\$0
Insurance Needs in Survivorship		
Future Outflows	\$2,017,568	\$2,058,970
Future Inflows	\$1,671,537	\$2,058,970
Total Future Deficits	(\$346,030)	\$0
Additional Insurance Needed for Survivorship	\$256,658	\$0
Additional Insurance Recommended	\$628,151	\$0

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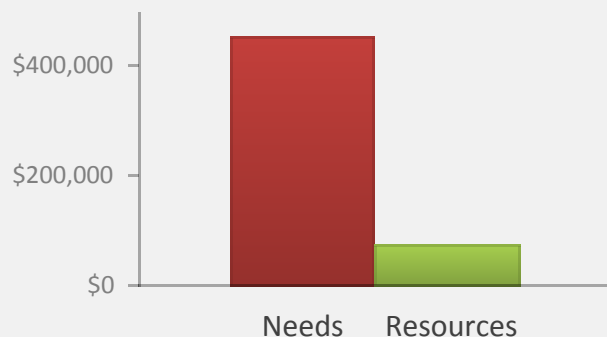
Immediate Needs vs. Available Resources

Can we meet our survivorship needs if Marcia passes away? - Current Plan

When a loved one passes they often leave behind liabilities and expenses. It is important to cover these needs in order to adequately manage future cash expenditures.

Some or all of these needs can be offset by making resources available. Life insurance may be the most important of these resources, although you can make other resources available to help cover costs.

NEEDS VS. RESOURCES



Immediate Needs		Current Plan
Lump Sum Needs		\$99,860
Liabilities		\$349,000
Total Immediate Needs		\$448,860
Available Resources		
Life Insurance Held		\$25,000
Realizable Assets		\$46,550
Total Available Resources		\$71,550

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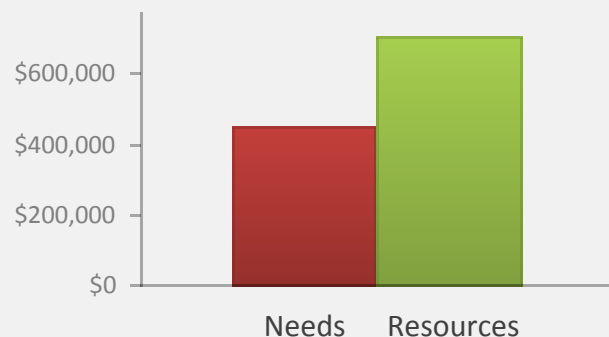
Immediate Needs vs. Available Resources

Can we meet our survivorship needs if Marcia passes away? - Proposed Plan

When a loved one passes they often leave behind liabilities and expenses. It is important to cover these needs in order to adequately manage future cash expenditures.

Some or all of these needs can be offset by making resources available. Life insurance may be the most important of these resources, although you can make other resources available to help cover costs.

NEEDS VS. RESOURCES



Immediate Needs		Proposed Plan
Lump Sum Needs		\$99,860
Liabilities		\$349,000
Total Immediate Needs		\$448,860
Available Resources		
Life Insurance Held		\$655,000
Realizable Assets		\$46,550
Total Available Resources		\$701,550

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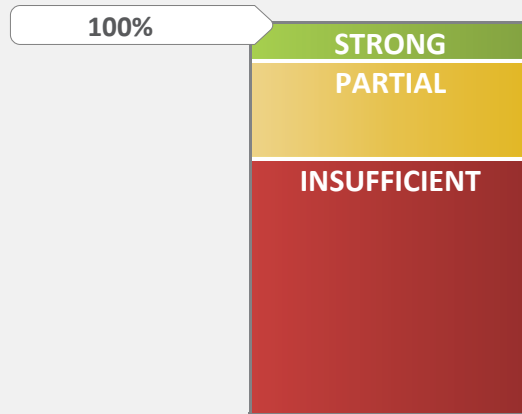
How Much Life Insurance Is Needed?

Marcia passes away - Proposed Plan

You may require additional life insurance if your current level of insurance and other available assets do not meet your total life insurance needs. To increase the likelihood of reaching your financial goals, matching insurance coverage with insurance need is highly recommended.

Your additional recommended life insurance is determined by adding any immediate needs created at the time of passing to any survivorship needs that this passing creates and subtracting any assets available to offset these needs.

SURVIVOR INCOME GOAL COVERAGE



Additional Insurance Recommended	Proposed Plan
Immediate Needs vs. Resources Available	
Immediate Needs	\$448,860
Resources Used Immediately	\$443,043
Additional Insurance Needed for Immediate Needs	\$0
Insurance Needs in Survivorship	
Future Outflows	\$2,058,970
Future Inflows	\$2,058,970
Total Future Deficits	\$0
Additional Insurance Needed for Survivorship	\$0
Additional Insurance Recommended	\$0

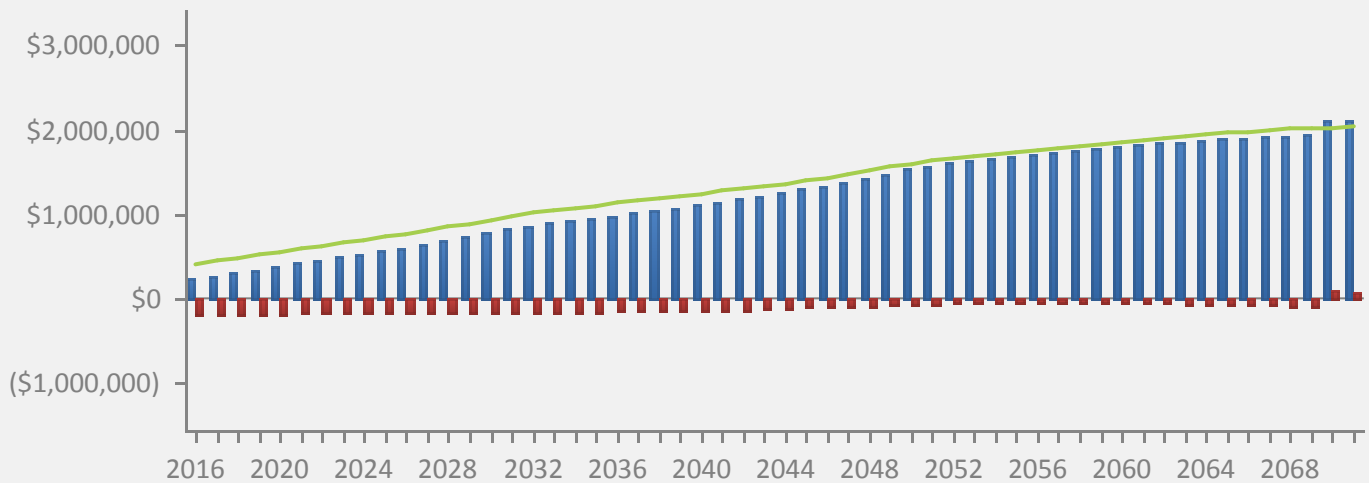
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Projected Estate Shrinkage

The following report is a summary of how your estate is adversely affected by taxes and estate fees if you were to both pass away. The total value of shrinkage is calculated by taking taxes and fees then subtracting insurance proceeds and CPP/QPP death benefits. As a result, it is possible to have a negative estate shrinkage. Your pro-forma net worth includes all non-registered and registered accounts plus lifestyle assets and other assets less liabilities.

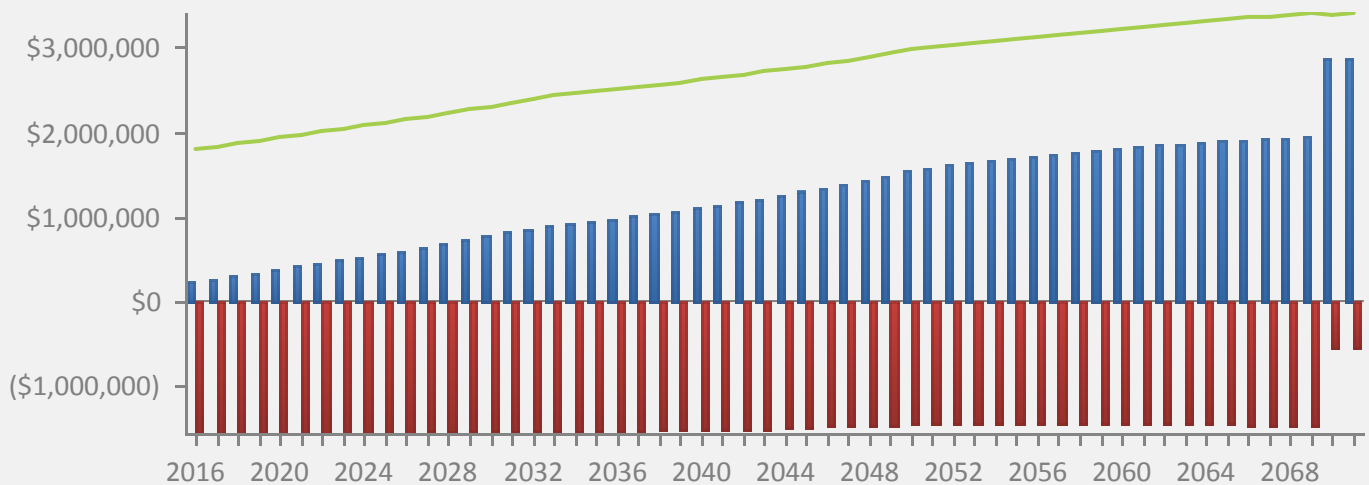
Current Plan

■ Pro-Forma Net Worth ■ Estate Shrinkage — Final Estate



Proposed Plan

■ Pro-Forma Net Worth ■ Estate Shrinkage — Final Estate



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Disclaimer

This analysis 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.

Important: *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 Analysis

The assumptions used in this analysis 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 analysis. Any inaccurate representation by you of any facts or assumptions used in this analysis 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 analysis, 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 analysis 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 planning process.

Results May Vary With Each Use and Over Time

The results presented in this analysis 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 analysis. Historical data is used to produce future assumptions used in the analysis, such as rates of return. Past performance is not a guarantee or predictor of future performance.

The results are based on your representation of risk and include information that is current as of 10/2/2016. You are responsible for confirming that the answers you provided to determine your individual risk tolerance used in this analysis are accurately represented. The Proposed Plan asset allocation presented in this analysis is based on your answers to a risk tolerance questionnaire and may represent a more aggressive-and therefore more risky-investment strategy than your current asset allocation mix. Actual return rates and performance may vary to a significant degree from that represented in this analysis.

Investments Considered*

This analysis does not consider the selection of individual securities; the analysis 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 asset classes and return rates used in the analysis 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.

* Asset classes and Asset Allocation may not apply to the Forecaster Assessments.

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Delivery Acknowledgement

We, Bill Smith and Marcia Smith, have reviewed and accept the information contained within this analysis and understand the assumptions associated with it. We believe that all information provided by us is complete and accurate to the best of our knowledge. We recognize that performance is not guaranteed and that all future calculations are included simply as a tool for decision-making and do not represent a forecast of our financial future. This analysis should be reviewed periodically to ensure that decisions made continue to be appropriate, particularly if there are changes in family circumstances, such as an inheritance, birth of a child, death of a family member, or material change in incomes or expenses.

Bill Smith

Marcia Smith

Date:

Note

This analysis has been prepared based on the information provided. There has been no attempt to verify the accuracy or completeness of this information. As the future cannot be forecast with certainty, actual results will vary from these calculations. It is possible that these variations may be material. The degree of uncertainty normally increases with the length of the future period covered.

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