

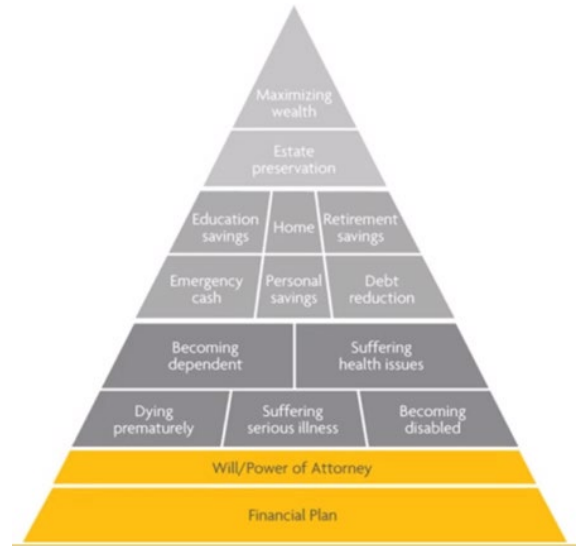
Financial Preparedness Roadmap

Sunlife Information Session – October 23, 2020

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Building a Strong Base – the financial pyramid

1. Start with ensuring your will and power of attorney are in place (1st level Yellow)
2. Consider uncontrollable events and what you can do in your planning to ensure that you can get through those difficult situations (etc. appropriate insurance and savings in place) (2nd level)
3. Pay yourself, then pay your debt, then pay your bills. (3rd level)
4. Invest and maximize your earnings (4th level)



Financial Roadmap

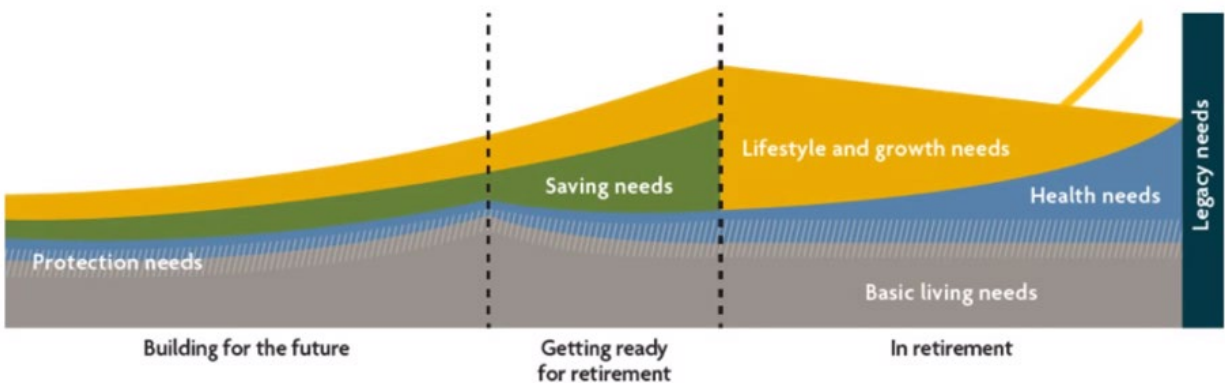
Ensure that **your goals** are your top priority in your planning and spending

1. Prioritize your financial goals and protect yourself along the way so your dreams are looked after (ensure you have insurance and savings required)
2. Save money to reach your goals (pay yourself first – set money aside for your savings)
3. Focus on the bigger picture
4. Organize your finances
5. Worry less about money (if you have appropriate financial planning in place you will enjoy better peace of mind)

A plan is more than saving money and buying insurance...

- It's about what you desire to do or achieve in life
- It will help you figure out where you're going and how to get there

Financial Planning Periods



Controllable Priorities

Pay yourself first and manage your debt

1. Put money into your emergency fund,
2. Put money into your savings account (for the goal you have identified and are saving towards),
3. Pay off your debt
4. Pay Bills
 - With what is left you can spend at the end of the month.

Debt Management

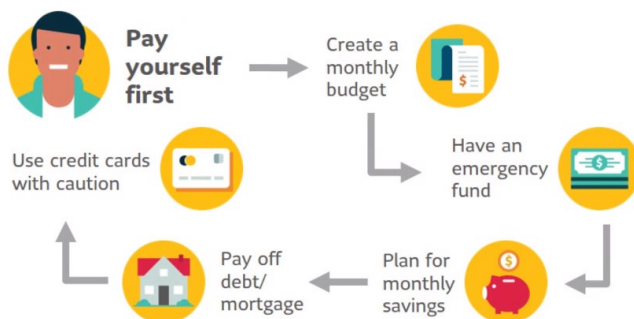
Ensure you do not accrue more debt than you can manage and keep in mind that how you manage your debt affects your credit rating. The better your credit rating is the lower interest rate you will be charged for borrowing.

Mortgage Considerations

Average home ownership period in Calgary is 4 years and homes in Calgary have depreciated in value over recent years. Home ownership may not be an investment depending on the economy.

- Consider the cost benefit analysis of owning or renting in the current environment.
- When you apply for a mortgage, you will be approved for the highest possible mortgage rate – work with your financial advisor to ensure you can still save to your goals rather than spending all you money on your mortgage

Money management tips



Debt management

- Set your debt limits
- Factor debt into your budget
- Calculate the total cost of borrowing
- Understand implications of missing/late/minimum payments
- Understand your credit rating
- Recognize debt trouble signs

Growth Opportunities

- You need to consider how you will save and how you will draw on those savings

37% of working Canadians say they will have to delay retirement because they will not have enough money saved

(Canadian Payroll Association, 2018)

What is an RRSP?

RRSP = Registered Retirement Savings Plan

- Savings plan that is registered with Canada Revenue Agency
- Contributions are 100% tax deductible
- Access to wide range of investments
- Gains are tax deferred until funds are withdrawn
- Each dollar withdrawn is included as income and taxed

How to withdraw money from RRSP tax free

- Lifelong learning plan (up to 20,000) (you can use this to go to school in Canada or the US)
- First time home buyers plan (up to 30,000)

Maximizing your RRSP

- Contribute annually to reduce in year taxes (you pay taxes on annual earnings then contribute to RRSP and end up with a tax return potentially)
- Spousal RRSP contributions can further reduce net taxes paid

TFSA – Tax Free Savings accounts

- The amount of room available accrues every year
- You are still taxed in the same year for contributions to this account
- You can recontribute TFSA withdrawals but not until the next year
- You do not need to be a big saver
- A TFSA and RRSP do not need to be mutually exclusive

Other possible investments

- Stocks
- Bonds
- Home
- Other properties

Saving for education

Registered Education Savings Plan (RESP)

- Contributions allowed until the plan's 31st anniversary (year end)
- Maximum contribution is \$50,000 per beneficiary
- Contributions are **not** a tax deduction
- Interest/growth earned is **not taxable** until withdrawal

Canada Education Savings Grant (CESG)

- **20% grant** to your yearly contribution to a maximum of \$500 annually per eligible child (up to \$1,000 if carry forward room exist)
- If money isn't used, the 20% grant **must be returned** to the government

Wrap Up

- Without a plan we do not use our resources efficiently
- We need to prepare for catastrophes and have a plan for those.
- Having a plan helps you pay lower taxes and keep more money to yourself
- Not having a plan can delay your retirement or reduce your financial resources in retirement

Online tools from sunlife.ca



Bright Start Tool
Find out how to start working on your life, health, savings and retirement goals.



Life expectancy calculator
Work out your estimated life expectancy, based on recent actuarial data.



Financial check-up
Take this quiz and find out how the choices you're making today are shaping your financial future.

Tools and resources at Sun Life

- sunlife.ca/COVID-19
- Visit luminohealth.ca
- Connect with a Sun Life Financial advisor

Now is a good time to have a discussion with an advisor.



By phone



Video conference