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Autumn 2015 Update

I find that at this time of year I start to think about learning and regenerating my own knowledge base. I guess it comes from many years of attending school and now having my own children in school.

This newsletter is my contribution to your learning and growth by sharing my thoughts on Cash and Debt Management. Also I am dedicating a large section to communicating the Value of our relationship and the various ways I get paid to work with you.

Cash and Debt Management

There have been many stories regarding the level of debt Canadians are carrying. I believe there are 2 categories of debt: good debt and bad debt. What is important is to take the time to look at the type of debt you have and make conscious decisions about where to spend your money and why.

You all work hard for your money or have worked hard prior to retirement so it should provide you VALUE. If you value a pricey coffee, that is fine. I ask you though to consider where you could spend that money instead, and if that item would provide more value to you and your life? I always say there is no right or wrong in finances, just what is *right* for you.

Please take the opportunity of the next few weeks, especially as we come into the Christmas spending season, to make conscious spending decisions. One trick that I find works well is to not impulse spend. Make a list and stick to that list, with a price limit in mind. If there is something that you really want, think about it and go back in a couple of days. Maybe even ask for a layaway (yikes that sounds old fashioned).

Your current debt should also be reviewed. Your mortgage can be good debt, as long as you have not used it to consolidate other spending and treat it as a bank account. Vehicle loans at 0% can also be fine, as long as you can afford the payment.

The tricky areas are Credit Cards and Lines of Credit that you are using as spending cash flow. A line of credit should be used to pay for larger, specific expenses, for example a roof replacement and you should make fixed payments that will pay it off over a short period of time, say 2-3 years. Credit cards should only be used to get you the free 30 day grace period and only put on them what you can afford to pay off out of your regular cash flow.

I would be happy to speak with you regarding strategies to get to this point in your financial life... **call or email me!**

The Value of my Financial Services



“Someone’s sitting in the shade today because someone planted a tree a long time ago.”
– Warren Buffet

As you know, I am a Certified Financial Planner. I also wear 3 other hats – Insurance Agent, Mortgage Agent and sell Investments. I have made a conscious decision to acquire these various specialties so I can provide a comprehensive offering to you, my client. There has been, and continues to be, a lot of discussion around the various method of compensation for all of these services so I want to ensure you understand how I am compensated for each aspect of your partnership with me. It is then up to you to determine if you find the Value of our relationship to be commensurate to the Cost. We have already discussed all of the following information at some time so this should just be a refresher.

Financial Planning really encompasses all aspects of what we do together from the initial meeting, to ongoing discussions about your financial future, housing choices, vehicle purchases, job changes, retirement options, estate planning and tax efficiency; the list goes on. I charge an initial Financial Planning fee based on the depth of the financial plan and that plan becomes the basis for all of our future interactions together. I have chosen to waive this fee if we proceed with implementing any of the recommendations together.

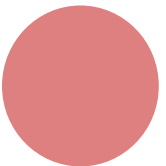
Your Financial Plan will have many recommendations. If it is an Insurance need, I prepare quotes for you to consider and if Mortgages are on the table, that is addressed also. If another is to purchase Mutual Funds or Segregated Funds, I will conduct a personalized review and we will implement that piece together. The compensation I receive for each of these items differs:

For **Insurance**, there are a variety of products available and each Insurance company has their own commission formulas. You, the client do not pay any money for my or the insurance companies services. The insurance company pays a Managing General Agency (MGA) the commission and I get a portion of that payment from the MGA.


For **Mortgages**, each Trust company or bank has a variety of products and associated commission they pay to the Mortgage Brokerage and I get a portion of that payment from the brokerage.

For **Investments**, there are a wide range of commission options related to Mutual Fund and Segregated Fund investments. The two pricing options that I most frequently use for these funds are as follows:

DSC – Deferred Sales Charge – this is used for accounts such as RRSP’s, TFSA’s and RESP’s where we have at least 7 years before we may make redemptions. The client pays no commission and the fund company pays my dealer 5% of the initial purchase amount. So, if you invest \$10,000, the dealer will receive \$500. They also pay 0.5% annually in the form of a trailer to the dealer or \$50. I get a portion of these amounts from the dealer.



The Value of my Financial Services *continued*

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ISC – **Initial Sales Charge** – this is used for shorter term investments that you think you will need to access in 3-5 years. You could pay the dealer 0-6% commission out of your investment. I have set this amount at 3% so on \$10,000, you will pay \$300. You will have no restrictions on when you access you money. The fund company will pay 1.0% annually in the form of a trailer to the dealer or \$100. I get a portion of these amounts from the dealer.

This is where we get a bit personal... my goal has always been to help everyone who wants to work with me. I have never set quotas or turned someone away based on the amount of assets they have. I love working with people who show an interest in their own financial future and that is really my only criteria. What this means is, I give everyone that same access to my time, no limits. Is this the most financially sounds method of working? Some would say no since of course sometimes I technically appear to work for very little money and other times I appear to be well paid. This is, however, the foundation of how I have built my business and I am proud of this approach.

What this means is that, each of you has at one time funded the time myself and Anne Marie spend on other peoples' finances, and that as time passes, other peoples' purchases finance your time with us. It is all rather altruistic.

One final note, I am always reviewing my compensation options available with the goal of keeping your fees down and may at various times, present you with different options. I truly appreciate the opportunity to work with a wide variety of people in varying financial situations and it is this methodology that permits me to help all of you, my amazing clients.

Have you seen our new place?

Our new address is:

50 Commercial Avenue, Suite 200, Ajax, Ontario, L1S 2H5

Office phone 905-427-4406



Wondering how to find us? Look for 'Michaels Eatery' at the corner of Commercial and Station. The Door to '50 Commercial' is next to Michael's and we are in the Office space upstairs, Suite 200.

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