

# ASSESSING YOUR FINANCIAL PLAN

A comprehensive financial plan is more than a retirement plan or an investment plan. You can use this checklist to assess the depth of your current financial plan. Check the appropriate box for any statement that could be relevant to your situation. Any "No"s or "Unsure"s may require special attention.

- | Yes                      | No                       | Unsure                   | <u>Pre-Retirement Planning</u>   |
|--------------------------|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | My retirement calculation was updated less than a year ago.  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | My annual rate of return is equal to or better than the target rate of return used in my retirement calculation. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I know what to do to achieve my retirement objectives.   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | My retirement savings are on track.  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I don't need the stock market to do all my saving for me.  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I understand how my CPP and OAS benefits work.   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I understand how my employer's pension plan will work when I don't (if you have one).                            |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I know what I'm going to do with my time in retirement.  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | My spouse and I have coordinated our planning.   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I'm working on maximizing my RRSP.   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I plan to use any unused RRSP contribution room before I'm 71.   |

## Retirement Planning (if you are retired or close to it)

- |                          |                          |                          |  |
|--------------------------|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I can honestly say I plan to move from saving for retirement to enjoying my money in retirement.                 |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I have determined my best option for maturing my RRSP.   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I plan to withdraw regular income from my portfolio.   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I understand all the options available to me under my company pension plan (if you have one).                    |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I have a plan to maximize my after-tax retirement income.  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I'm a snowbird and my financial plan reflects how that could affect my health care and any US estate tax issues. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I have explored the ins and outs of the reverse mortgage.  |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I have obtained an estimate of amount of CPP I'll be eligible for.   |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | I've calculated how much income my spouse will have after my death and vice versa.                               |

### Tax Planning

- I have reviewed the tax planning opportunities available for my situation.
- I have a plan to *defer* tax: RRSP contributions, pension plan, capital gains investments outside your registered plans, etc.
- I have a plan to *defer* tax: RRSP contributions, pension plan, capital gains investments outside your registered plans, etc.
- I have a plan to *divide* income: spousal RRSPs, spousal loans, salaries to children, splitting CPP benefits, testamentary trusts, RESPs.
- I have a plan to *deduct* income: RRSP contributions, charitable donations, etc.
- My plan will minimize the amount of tax I pay over my lifetime and on death.
- I have used all reasonable strategies to reduce my tax bill.
- I do tax planning through the year, not just in mid-December.
- My tax plan is integrated with my other financial planning strategies.
- I consider the tax costs before selling my investments, including any stock options.

### Education Planning

- I have considered the most tax-effective way to save for post-secondary education for myself, my children and/or my grandchildren.
- I know about the federal RESP grant and any other educational grants that my child may be able to benefit from.
- I've researched the RRSP lifelong learning program.

### Investment Planning

- My investments have a 90 percent probability of giving me the long-term returns I need.
- I have a written investment policy statement, strategy and target asset mix.
- The ownership of my investments, home and other assets have been carefully considered and coordinated with my estate plan and tax rules.
- My portfolio and investments are currently being managed the way I want them to be.
- I know the overall rate of return my portfolio has earned.

- I know how much I am paying for my investments, directly and indirectly.
- I've assessed the cost-benefits of my investment program.
- My portfolio is tax efficient.
- I know the adjusted cost basis (ACB) for tax purposes for my investments held outside my RRSP/RRIF.
- I periodically review my investment(s) to make sure I have what's right for me.
- My investment program/products are working for me.
- My portfolio currently reflects my target asset mix.
- My investment program compares favourably with other options appropriate for someone in my situation.

### Estate Planning

- My will reflects my wishes and current laws.
- My power of attorney/mandate/proxy reflect my current wishes and legislation.
- I've put a plan in place to make sure I don't pay more in probate tax and other fees than necessary.
- I've estimated my final tax bill and set up strategies so my estate doesn't have to pay any more tax than necessary.
- My beneficiary designations are coordinated with the instructions in my will.
- I've set up a tax-effective charitable donation program.
- I've assessed if a testamentary trust would be an effective estate planning tool for my situation.
- My personal objectives, estate planning documents and tax planning are all integrated.
- I've made arrangements so the cottage/business/property can stay in the family.
- My estate will be able to pay the tax bill on death without having to sell any important properties.
- I've dealt with any US estate tax issues I might have.
- I've considered the needs of my beneficiaries.
- I've taken care of my family obligations under family law and dependants' support.

### Debt and Cash Management

- I've done a cash-flow analysis and a net worth statement.
- I've a plan in place to eliminate all non-deductible debt.
- I've negotiated the best interest rates and terms available on my credit cards, lines of credit, mortgages and personal loans.
- I can carry my debts comfortably.
- My expenses are less than my income.
- My surviving spouse will have quick access to cash.
- Any deductible debt is working out as planned.
- I've reviewed the amount I spend on banking service fees
- I've negotiated my bank service package so I pay no more in bank fees than necessary.
- My cash is earning a competitive rate of interest.
- My emergency fund is in place.

#### Risk Management

- I have adequate personal disability income coverage.
- I have enough life insurance and so does my spouse.
- I've done some comparison shopping for my insurance.
- My home/tenant insurance policy covers replacement costs.
- I've inventoried my possessions.
- I have all the liability insurance I need.
- My car insurance premiums are competitive.
- I've done a needs analysis for health care insurance (extended health, critical illness, long-term care, traveling outside home province and Canada, etc.)

#### For Business Owners

- My business has the right structure (franchise, sole proprietorship, consultancy, partnership, corporation, trust or joint venture).
- I've got a written business plan and marketing plan.
- My business and personal financial planning are integrated.
- I've reviewed the pros and cons of an estate freeze and family trust.
- I've developed a workable business succession plan.
- My key employees are protected.
- I've got buy/sell agreements with my business associates.

- I've got adequate lines of credit in place.
- My business, farm or fishery may be eligible for up to \$750,000 in capital gains exemption.

Other

- I have a written financial planning agreement and a written financial plan.
- I've reviewed my entire financial plan in the last 12 months.

Every “no” or “*unsure*” could be costing you money. A financial plan could help you maximize your financial opportunities.

---

© 2000, 2007 Sandra E. Foster Extracted and Updated from Who's Minding Your Money: Financial Intelligence for Canadian Investors. Published by John Wiley & Sons, Canada Limited. Reprinted with permission.

For more information, see [www.whosmindingyourmoney.com](http://www.whosmindingyourmoney.com)