



# Risk Management

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**Prepared for:**

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## Methodology

Risk management involves the identification and assessment of your exposure to unexpected financial loss due to an unfortunate event that is out of your control. Events involving property damage and other risks can easily be managed by insuring the asset's value using an insurance policy specific to the asset in question.

Events involving your ability to earn an income such as death, disability, critical illness, and long-term care are more difficult to manage due to the unknown financial impact posed by each. Calculating the loss in terms of your Human Capital provides an easy yet effective way to manage this risk using an insurance policy specific to the risk being covered.

As your advisor I will help you determine if there are any gaps in your insurance that may adversely affect your financial security and provide recommendations on the type and amount of insurance best suited to your needs.

## Assumptions

### Base Data

Client Information	Thomas	Linda
Retirement Age:	60	58
Life Expectancy:	95	95

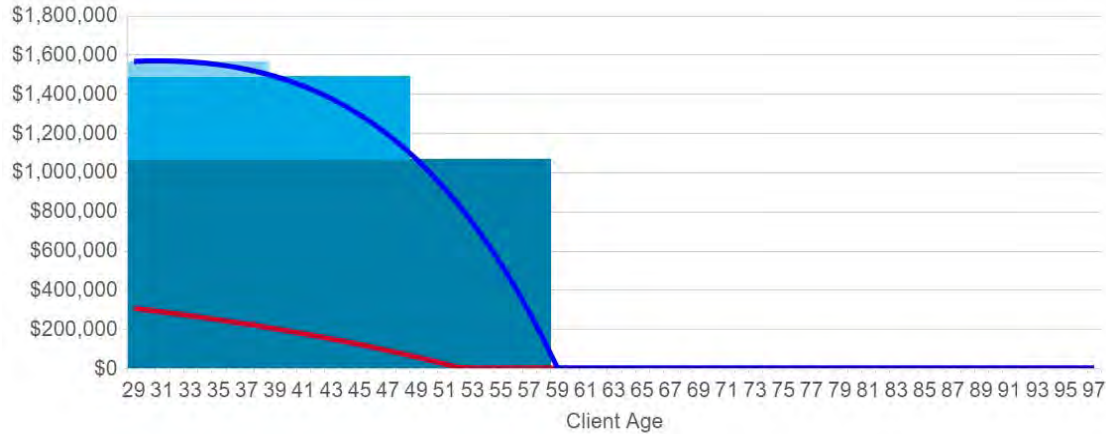
Risk Profile	Pre-Retirement	Post-Retirement
RRSP/RRIF and Locked-In:	Growth	Moderate Growth
Rate of Return:	6.50 %	5.00 %
Cash, TFSA and Corporate:	Growth	Moderate Growth
Rate of Return:	6.50 %	5.00 %
Tax Efficiency:	60.00 %	40.00 %

### Other Assumptions

Inflation:	2.50 %
Portfolio Return:	5.78 %
Real Estate Index:	2.50 %
Business Growth:	0.00 %



## Life Insurance: Thomas



### Human Capital Allocation

10 Years:	\$79,087
20 Years:	\$421,470
30 Years:	\$1,066,711
Permanent:	\$0
Capital Needed:	\$1,567,269
Debt Coverage:	\$305,000

### Critical Illness Insurance

Debts:	\$18,231
Savings:	\$14,648
Discretionary:	\$39,502
Lump-Sum:	\$72,381

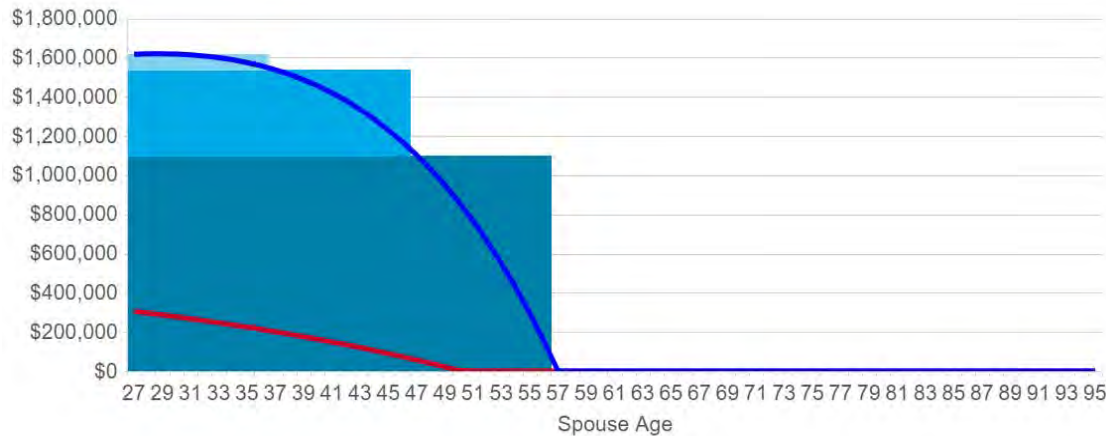
### Disability Insurance

Monthly	\$2,600
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### Long Term Care Insurance

Monthly	\$2,250
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## Life Insurance: Linda



### Human Capital Allocation

10 Years:	\$81,689
20 Years:	\$435,334
30 Years:	\$1,101,801
Permanent:	\$0
Capital Needed:	\$1,618,823
Debt Coverage:	\$305,000

### Critical Illness Insurance

Debts:	\$18,231
Savings:	\$14,648
Discretionary:	\$41,883
Lump-Sum:	\$74,762

### Disability Insurance

Monthly	\$2,700
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### Long Term Care Insurance

Monthly	\$2,250
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# LIFE INSURANCE NEEDS

Thomas Roy & Linda Roy

Year	Client	Spouse	Thomas: Lost Income at Death			Needs Allocation		Linda: Lost Income at Death			Needs Allocation	
			Employment Income	Pension & Other	Present Value	Mortgage & Debt	Savings & Discretionary	Employment Income	Pension & Other	Present Value	Mortgage & Debt	Savings & Discretionary
2019	30	28	\$76,000	\$0	\$1,566,827	\$296,039	\$1,270,788	\$78,500	\$0	\$1,618,368	\$296,039	\$1,322,328
2020	31	29	\$77,900	\$0	\$1,567,269	\$286,783	\$1,280,486	\$80,463	\$0	\$1,618,823	\$286,783	\$1,332,041
2021	32	30	\$79,848	\$0	\$1,565,784	\$277,221	\$1,288,564	\$82,474	\$0	\$1,617,291	\$277,221	\$1,340,070
2022	33	31	\$81,844	\$0	\$1,562,230	\$267,343	\$1,294,887	\$84,536	\$0	\$1,613,619	\$267,343	\$1,346,276
2023	34	32	\$83,890	\$0	\$1,556,452	\$257,140	\$1,299,312	\$86,649	\$0	\$1,607,651	\$257,140	\$1,350,511
2024	35	33	\$85,987	\$0	\$1,548,287	\$246,599	\$1,301,688	\$88,816	\$0	\$1,599,218	\$246,599	\$1,352,618
2025	36	34	\$88,137	\$0	\$1,537,565	\$235,711	\$1,301,854	\$91,036	\$0	\$1,588,143	\$235,711	\$1,352,432
2026	37	35	\$90,340	\$0	\$1,524,103	\$224,464	\$1,299,639	\$93,312	\$0	\$1,574,238	\$224,464	\$1,349,774
2027	38	36	\$92,599	\$0	\$1,507,710	\$212,845	\$1,294,864	\$95,645	\$0	\$1,557,305	\$212,845	\$1,344,460
2028	39	37	\$94,914	\$0	\$1,488,181	\$200,843	\$1,287,338	\$98,036	\$0	\$1,537,135	\$200,843	\$1,336,291
2029	40	38	\$97,286	\$0	\$1,465,304	\$188,445	\$1,276,859	\$100,487	\$0	\$1,513,505	\$188,445	\$1,325,060
2030	41	39	\$99,719	\$0	\$1,438,851	\$175,638	\$1,263,213	\$102,999	\$0	\$1,486,181	\$175,638	\$1,310,543
2031	42	40	\$102,212	\$0	\$1,408,582	\$162,408	\$1,246,173	\$105,574	\$0	\$1,454,917	\$162,408	\$1,292,508
2032	43	41	\$104,767	\$0	\$1,374,244	\$148,742	\$1,225,502	\$108,213	\$0	\$1,419,449	\$148,742	\$1,270,707
2033	44	42	\$107,386	\$0	\$1,335,570	\$134,625	\$1,200,945	\$110,918	\$0	\$1,379,503	\$134,625	\$1,244,879
2034	45	43	\$110,071	\$0	\$1,292,278	\$120,041	\$1,172,237	\$113,691	\$0	\$1,334,787	\$120,041	\$1,214,746
2035	46	44	\$112,822	\$0	\$1,244,070	\$104,977	\$1,139,092	\$116,534	\$0	\$1,284,993	\$104,977	\$1,180,016
2036	47	45	\$115,643	\$0	\$1,190,630	\$89,415	\$1,101,215	\$119,447	\$0	\$1,229,795	\$89,415	\$1,140,380
2037	48	46	\$118,534	\$0	\$1,131,627	\$73,340	\$1,058,287	\$122,433	\$0	\$1,168,852	\$73,340	\$1,095,512
2038	49	47	\$121,497	\$0	\$1,066,711	\$56,735	\$1,009,977	\$125,494	\$0	\$1,101,801	\$56,735	\$1,045,066
2039	50	48	\$124,535	\$0	\$995,512	\$39,581	\$955,931	\$128,631	\$0	\$1,028,259	\$39,581	\$988,678
2040	51	49	\$127,648	\$0	\$917,639	\$21,861	\$895,778	\$131,847	\$0	\$947,825	\$21,861	\$925,964
2041	52	50	\$130,839	\$0	\$832,682	\$3,557	\$829,125	\$135,143	\$0	\$860,073	\$3,557	\$856,516
2042	53	51	\$134,110	\$0	\$740,206	\$0	\$740,206	\$138,522	\$0	\$764,555	\$0	\$764,555
2043	54	52	\$137,463	\$0	\$639,753	\$0	\$639,753	\$141,985	\$0	\$660,797	\$0	\$660,797
2044	55	53	\$140,900	\$0	\$530,841	\$0	\$530,841	\$145,535	\$0	\$548,303	\$0	\$548,303
2045	56	54	\$144,422	\$0	\$412,961	\$0	\$412,961	\$149,173	\$0	\$426,545	\$0	\$426,545
2046	57	55	\$148,033	\$0	\$285,576	\$0	\$285,576	\$152,902	\$0	\$294,970	\$0	\$294,970
2047	58	56	\$151,734	\$0	\$148,121	\$0	\$148,121	\$156,725	\$0	\$152,993	\$0	\$152,993
2048	59	57	\$155,527	\$0	\$0	\$0	\$0	\$160,643	\$0	\$0	\$0	\$0
2049	60	58	\$0	\$4,168	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2050	61	59	\$0	\$10,253	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2051	62	60	\$0	\$10,510	\$0	\$0	\$0	\$0	\$6,900	\$0	\$0	\$0
2052	63	61	\$0	\$23,085	\$0	\$0	\$0	\$0	\$23,085	\$0	\$0	\$0
2053	64	62	\$0	\$23,662	\$0	\$0	\$0	\$0	\$23,662	\$0	\$0	\$0
2054	65	63	\$0	\$31,391	\$0	\$0	\$0	\$0	\$24,254	\$0	\$0	\$0
2055	66	64	\$0	\$42,417	\$0	\$0	\$0	\$0	\$24,860	\$0	\$0	\$0
2056	67	65	\$0	\$43,477	\$0	\$0	\$0	\$0	\$32,980	\$0	\$0	\$0
2057	68	66	\$0	\$44,564	\$0	\$0	\$0	\$0	\$44,564	\$0	\$0	\$0
2058	69	67	\$0	\$45,678	\$0	\$0	\$0	\$0	\$45,678	\$0	\$0	\$0
2059	70	68	\$0	\$46,820	\$0	\$0	\$0	\$0	\$46,820	\$0	\$0	\$0

## Summary

2044	55	53	\$140,900	\$0	\$530,841	\$0	\$530,841	\$145,535	\$0	\$548,303	\$0	\$548,303
2049	60	58	\$0	\$4,168	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2054	65	63	\$0	\$31,391	\$0	\$0	\$0	\$0	\$24,254	\$0	\$0	\$0
2059	70	68	\$0	\$46,820	\$0	\$0	\$0	\$0	\$46,820	\$0	\$0	\$0
2064	75	73	\$0	\$52,973	\$0	\$0	\$0	\$0	\$52,973	\$0	\$0	\$0
2069	80	78	\$0	\$59,934	\$0	\$0	\$0	\$0	\$59,934	\$0	\$0	\$0

# DISCLAIMER

Thomas Roy & Linda Roy

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This financial analysis was prepared using personal and financial information provided by you. It is important that the information is as accurate as possible, as even small discrepancies in your personal and financial situation can have an impact on recommendations made.

**Illustration Purposes Only:** The values illustrated in this document are not guaranteed. They are based on numerous assumptions that are certain to change and are neither an estimate, nor a guarantee of future performance. Actual results will vary over the life of your plan and may differ from the provided example.

**Planning Assumptions:** Taxation Calculations and recommendations relating to income taxes are based on the Canadian Federal Income Tax Act and the Provincial Tax Rates in effect where you live at the time the plan was created. Since tax legislation is subject to change, the tax treatment of your assets is not guaranteed.

**Professional Advice:** This document was prepared solely as a general guide and is not intended to provide or replace professional, legal or tax advice. For your own specific situation, please consult your own tax and legal advisors.

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