

Prepared by Braestone Family Wealth

Financial Projections

Your financial and retirement income projections

Prepared for John Sample, Anne Sample, Ontario, Canada on August 11, 2020

Scenerio 1 - Base Plan



Note to Reader

These financial projections are provided for illustration and/or discussion purposes only. The actual outcomes depend on many factors, variables, assumptions, estimates and forecasts based on beliefs and assumptions made by the author and/or by the recipient. As such, the results are not guaranteed to occur as they involve risks and uncertainties and are not guarantees of future performance or results and no assurance can be given that these estimates and expectations will prove to have been correct, and actual outcomes and results may differ materially from what is expressed, implied or projected in such financial projections.

Assumptions

We have used the following assumptions in your projections:

For Projections

Assumption	Value
Projections commence as of	January 1, 2020
Projections run until	December 31, 2050
Inflation rate	2.00%
Inflation rate for the CPP	2.00%
Inflation rate for the OAS	2.00%

Assumption	Value
Province for tax purposes	Ontario
Default rate of return: Cash	1.50%
Default rate of return: Fixed Income	3.00%
Default rate of return: Equity	6.00%

For John

Assumption	Value
Retirement age	65 (born January 1, 1955)
CPP start age	65
OAS start age	65
CPP percent of maximum (adjusted to age 65)	75%
OAS percent of maximum (adjusted to age 65, before clawback)	100%

For Anne

Assumption	Value
Retirement age	65 (born February 1, 1957)
CPP start age	65
OAS start age	65
CPP percent of maximum (adjusted to age 65)	75%
OAS percent of maximum (adjusted to age 65, before clawback)	100%

Assumption	Value
Rate of return: John's RRSP (RRSP)	4.27%
Rate of return: John's LIRA (LIRA)	4.27%
Rate of return: John & Anne's Joint Cash (Non-Registered)	4.35%
Rate of return: John's TFSA (TFSA)	4.50%
John & Anne's Principal Residence Appreciation rate (Real Assets)	2.00%
John & Anne's Cottage Appreciation rate (Real Assets)	2.00%
John & Anne's Cottage Mortgage Interest rate (Debt)	3.50%

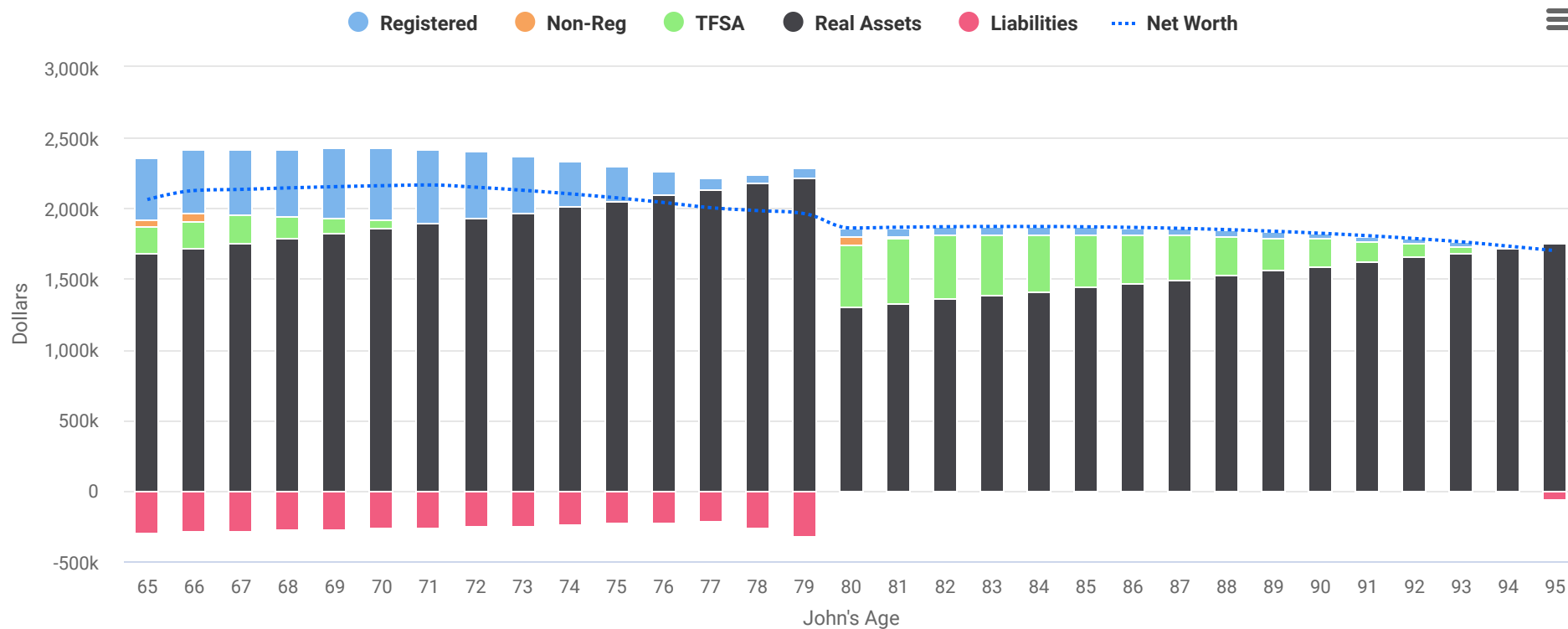
Assumption	Value
Rate of return: John & Anne's Joint Cash (Non-Registered)	4.35%
Rate of return: Anne's RRSP (RRSP)	4.27%
Rate of return: Anne's TFSA (TFSA)	4.50%
John & Anne's Cottage Appreciation rate (Real Assets)	2.00%
John & Anne's Principal Residence Appreciation rate (Real Assets)	2.00%
John & Anne's Cottage Mortgage Interest rate (Debt)	3.50%

Comments

This Base plan assumes both spouses will begin CPP at age 65 and are both eligible for 75% of the CPP maximum. John has just retired and Anne will work for 2 more years. Anne will have a pension of 20k/year at age 65 not indexed. They anticipate needing 90k after tax dollars annually in retirement, indexed to inflation until they sell their cottage and 80k after tax annually afterward. The cottage has a 300k mortgage paying \$1300/mo included in their expenses. They plan to sell the cottage in 15 years. This plan assumes both John and Anne live to age 95/93.

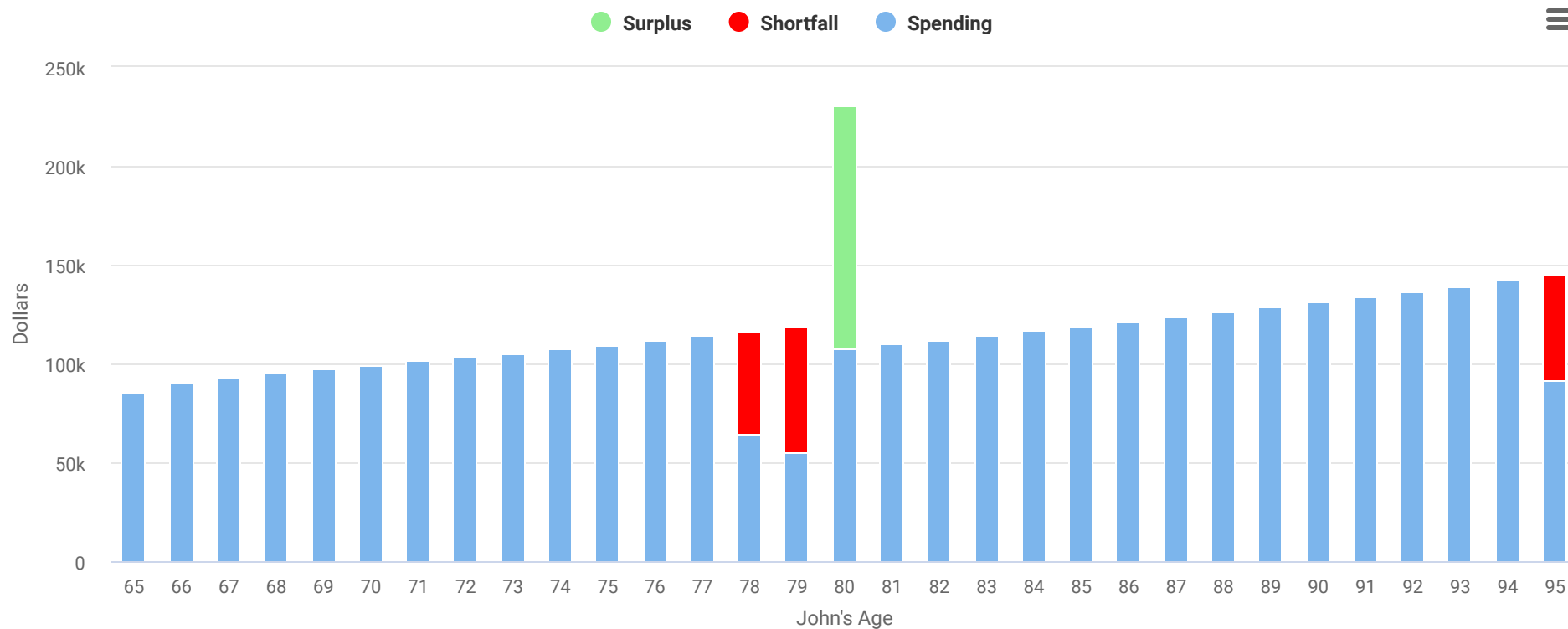
Net Worth

Shown In Nominal Dollars.



After Tax Spending

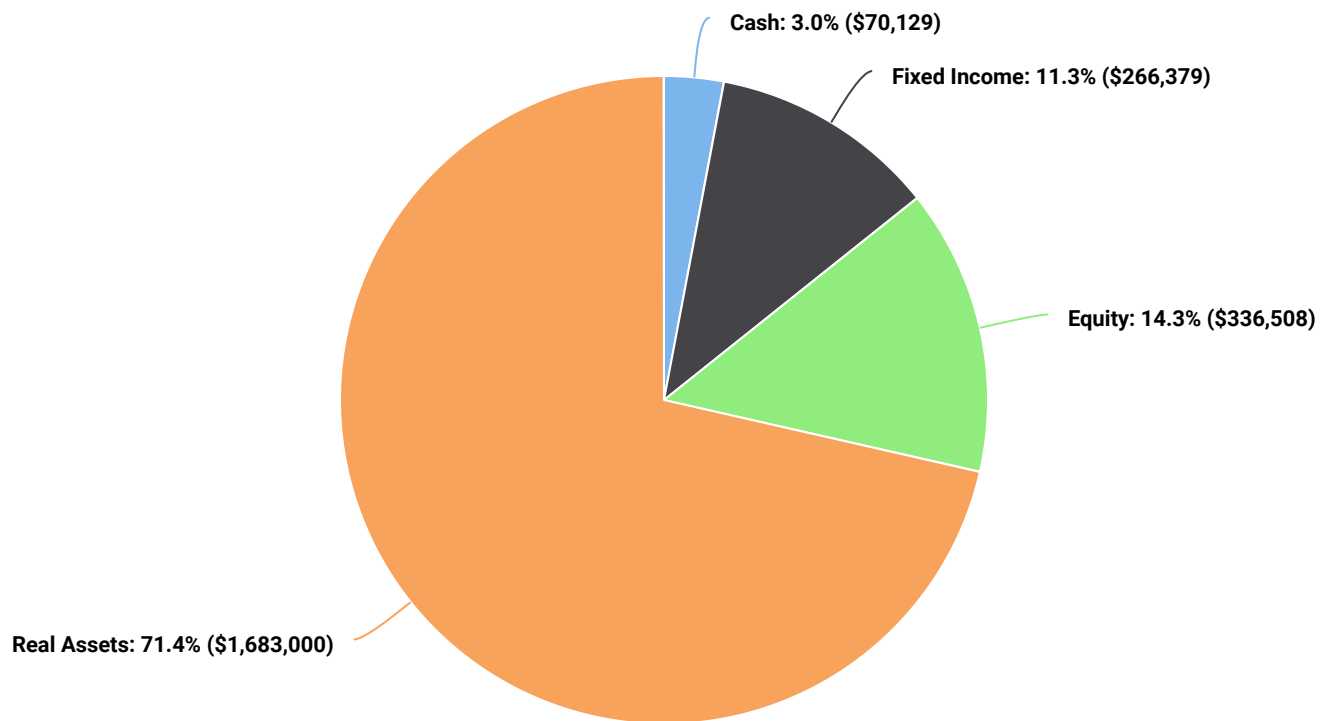
Shown In Nominal Dollars. The shortfall is the difference between the After Tax Spending and the actual after tax cash.



Asset Allocation

The balance of the Cash Account has been excluded from the Asset Mix chart below.

Year: 2020 ▾ ☒ Include Real Assets



Net Worth Statement

Item	John	Anne	Total
Capital Assets	\$455,000	\$190,000	\$645,000
Non-Registered	\$25,000	\$25,000	\$50,000
TFSA	\$90,000	\$90,000	\$180,000
RRSP	\$240,000	\$75,000	\$315,000
LIRA	\$100,000	\$0	\$100,000
Real Assets	\$825,000	\$825,000	\$1,650,000
John & Anne's Principal Residence	\$475,000	\$475,000	\$950,000
John & Anne's Cottage	\$350,000	\$350,000	\$700,000
Liabilities	(\$150,000)	(\$150,000)	(\$300,000)
John & Anne's Cottage Mortgage	(\$150,000)	(\$150,000)	(\$300,000)
Net Worth	\$1,130,000	\$865,000	\$1,995,000

Net Worth Projections

Year	Age		Total Capital Assets				Total Real Assets	Total Debt	Net Worth	Estate Before Tax	Tax on Estate	Estate After Tax
	John	Anne	Non-Reg	TFSA	RRSP/RRIF	LIRA/LIF						
2020	65	63	\$52,175	\$188,100	\$328,466	\$104,275	\$1,683,000	\$294,817	\$2,061,199	\$2,061,199	\$266,326	\$1,794,873
2021	66	64	\$54,445	\$196,565	\$342,508	\$104,383	\$1,716,660	\$289,450	\$2,125,111	\$2,125,110	\$279,133	\$1,845,977
2022	67	65	\$0	\$204,754	\$357,150	\$104,311	\$1,750,993	\$283,893	\$2,133,315	\$2,133,316	\$274,424	\$1,858,892
2023	68	66	\$0	\$159,441	\$372,419	\$104,041	\$1,786,013	\$278,137	\$2,143,776	\$2,143,776	\$286,590	\$1,857,186
2024	69	67	\$0	\$111,075	\$388,339	\$103,557	\$1,821,733	\$272,177	\$2,152,528	\$2,152,528	\$297,564	\$1,854,964
2025	70	68	\$0	\$59,504	\$404,941	\$102,842	\$1,858,168	\$266,005	\$2,159,450	\$2,159,451	\$308,830	\$1,850,620
2026	71	69	\$0	\$4,567	\$422,252	\$101,877	\$1,895,331	\$259,613	\$2,164,414	\$2,164,414	\$320,394	\$1,844,020
2027	72	70	\$0	\$0	\$370,980	\$97,250	\$1,933,238	\$252,994	\$2,148,474	\$2,148,474	\$311,552	\$1,836,922
2028	73	71	\$0	\$0	\$308,657	\$92,572	\$1,971,903	\$246,139	\$2,126,993	\$2,126,992	\$280,782	\$1,846,211
2029	74	72	\$0	\$0	\$241,851	\$87,838	\$2,011,341	\$239,041	\$2,101,989	\$2,101,989	\$247,033	\$1,854,955
2030	75	73	\$0	\$0	\$170,340	\$83,043	\$2,051,568	\$231,690	\$2,073,261	\$2,073,260	\$210,926	\$1,862,334
2031	76	74	\$0	\$0	\$93,891	\$78,182	\$2,092,599	\$224,078	\$2,040,594	\$2,040,594	\$172,281	\$1,868,312
2032	77	75	\$0	\$0	\$12,260	\$73,250	\$2,134,451	\$216,195	\$2,003,766	\$2,003,765	\$131,071	\$1,872,694
2033	78	76	\$0	\$0	\$0	\$68,241	\$2,177,140	\$262,392	\$1,982,989	\$1,982,989	\$113,357	\$1,869,632
2034	79	77	\$0	\$0	\$0	\$63,151	\$2,220,683	\$322,460	\$1,961,374	\$1,961,374	\$111,204	\$1,850,170
2035	80	78	\$50,624	\$443,790	\$0	\$61,518	\$1,304,146	\$0	\$1,860,078	\$1,860,078	\$27,228	\$1,832,850

Year	Age		Total Capital Assets				Total Real Assets	Total Debt	Net Worth	Estate Before Tax	Tax on Estate	Estate After Tax
	John	Anne	Non-Reg	TFSA	RRSP/RRIF	LIRA/LIF						
2036	81	79	\$11,439	\$463,760	\$0	\$59,773	\$1,330,229	\$0	\$1,865,201	\$1,865,201	\$16,410	\$1,848,791
2037	82	80	\$0	\$453,955	\$0	\$57,916	\$1,356,834	\$0	\$1,868,705	\$1,868,705	\$15,678	\$1,853,027
2038	83	81	\$0	\$430,554	\$0	\$55,935	\$1,383,971	\$0	\$1,870,459	\$1,870,459	\$14,926	\$1,855,533
2039	84	82	\$0	\$404,849	\$0	\$53,829	\$1,411,650	\$0	\$1,870,328	\$1,870,328	\$14,146	\$1,856,182
2040	85	83	\$0	\$376,711	\$0	\$51,595	\$1,439,883	\$0	\$1,868,189	\$1,868,189	\$13,322	\$1,854,866
2041	86	84	\$0	\$346,007	\$0	\$49,222	\$1,468,681	\$0	\$1,863,909	\$1,863,909	\$12,451	\$1,851,458
2042	87	85	\$0	\$312,589	\$0	\$46,712	\$1,498,054	\$0	\$1,857,355	\$1,857,355	\$11,520	\$1,845,835
2043	88	86	\$0	\$276,309	\$0	\$44,057	\$1,528,015	\$0	\$1,848,382	\$1,848,382	\$10,552	\$1,837,829
2044	89	87	\$0	\$237,013	\$0	\$41,250	\$1,558,576	\$0	\$1,836,839	\$1,836,838	\$9,533	\$1,827,305
2045	90	88	\$0	\$194,533	\$0	\$38,286	\$1,589,747	\$0	\$1,822,567	\$1,822,567	\$8,460	\$1,814,107
2046	91	89	\$0	\$148,694	\$0	\$35,164	\$1,621,542	\$0	\$1,805,401	\$1,805,401	\$7,539	\$1,797,861
2047	92	90	\$0	\$99,315	\$0	\$31,879	\$1,653,973	\$0	\$1,785,166	\$1,785,166	\$6,656	\$1,778,511
2048	93	91	\$0	\$46,203	\$0	\$28,425	\$1,687,052	\$0	\$1,761,680	\$1,761,680	\$5,836	\$1,755,844
2049	94	92	\$0	\$0	\$0	\$10,397	\$1,720,794	\$0	\$1,731,191	\$1,731,191	\$2,085	\$1,729,106
2050	95	93	\$0	\$0	\$0	\$0	\$1,755,209	\$55,857	\$1,699,352	\$1,699,352	\$0	\$1,699,352

Estate Summary

Capital and Estate	Combined	John	Anne
	Dec 31, 2050	Dec 31, 2050	Dec 31, 2050
Capital Assets	\$0	\$0	\$0
Real Assets	\$1,755,209	\$877,605	\$877,605
Total Assets	\$1,755,209	\$877,605	\$877,605
Insurance Proceeds	\$0	\$0	\$0
Debt	(\$55,858)	(\$27,929)	(\$27,929)
Estate	\$1,699,352	\$849,676	\$849,676
Tax on Estate	\$0	\$0	\$0
Estate after Tax	\$1,699,352	\$849,676	\$849,676
Estate after Tax (in real dollars)	\$938,163	\$469,081	\$469,081

Cash Flow Summary

Year	Age		After-Tax Spending		Surplus / Shortfall	Income	Pensions	Government Benefits			Capital Assets – Inflows / Outflows				Expenses	Other Cash Flow	Tax Related	
	John	Anne	In Real Dollars	In Nominal Dollars		Employment Income	All Pensions	CPP Pension	OAS Pension	CPP/EI Premiums	Non-Reg	TFSA	RRSP/RRIF	LIRA/LIF	Debt Payments		Taxable Income	Total Tax
2020	65	63	\$85,326	\$85,326	\$0	\$120,000	\$0	\$9,701	\$6,749	\$3,754	\$0	\$0	\$0	\$0	\$15,600	\$0	\$137,838	\$31,769
2021	66	64	\$89,119	\$90,902	\$0	\$120,000	\$0	\$10,794	\$7,510	\$3,946	\$0	\$0	\$0	(\$4,171)	\$15,600	\$0	\$143,924	\$32,027
2022	67	65	\$90,000	\$93,636	\$0	\$0	\$18,301	\$20,185	\$14,043	\$0	(\$54,445)	(\$628)	\$0	(\$4,349)	\$15,600	\$0	\$56,879	\$2,715
2023	68	66	\$90,000	\$95,509	\$0	\$0	\$20,000	\$22,460	\$15,626	\$0	\$0	(\$52,179)	\$0	(\$4,535)	\$15,600	\$0	\$62,622	\$3,692
2024	69	67	\$90,000	\$97,419	\$0	\$0	\$20,000	\$22,910	\$15,939	\$0	\$0	(\$53,149)	\$0	(\$4,729)	\$15,600	\$0	\$63,577	\$3,707
2025	70	68	\$90,000	\$99,367	\$0	\$0	\$20,000	\$23,368	\$16,257	\$0	\$0	(\$54,133)	\$0	(\$4,931)	\$15,600	\$0	\$64,556	\$3,722
2026	71	69	\$90,000	\$101,355	\$0	\$0	\$20,000	\$23,835	\$16,582	\$0	\$0	(\$55,134)	\$0	(\$5,142)	\$15,600	\$0	\$65,560	\$3,739
2027	72	70	\$90,000	\$103,382	\$0	\$0	\$20,000	\$24,312	\$16,914	\$0	\$0	(\$4,567)	(\$66,481)	(\$8,613)	\$15,600	\$0	\$136,321	\$21,906
2028	73	71	\$90,000	\$105,449	\$0	\$0	\$20,000	\$24,798	\$17,252	\$0	\$0	\$0	(\$74,977)	(\$8,473)	\$15,600	\$0	\$145,501	\$24,452
2029	74	72	\$90,000	\$107,558	\$0	\$0	\$20,000	\$25,294	\$17,597	\$0	\$0	\$0	(\$76,721)	(\$8,335)	\$15,600	\$0	\$147,948	\$24,789
2030	75	73	\$90,000	\$109,709	\$0	\$0	\$20,000	\$25,800	\$17,949	\$0	\$0	\$0	(\$78,494)	(\$8,200)	\$15,600	\$0	\$150,443	\$25,134
2031	76	74	\$90,000	\$111,904	\$0	\$0	\$20,000	\$26,316	\$18,308	\$0	\$0	\$0	(\$80,298)	(\$8,066)	\$15,600	\$0	\$152,989	\$25,485
2032	77	75	\$90,000	\$114,142	\$0	\$0	\$20,000	\$26,842	\$18,675	\$0	\$0	\$0	(\$82,134)	(\$7,935)	\$15,600	\$0	\$155,586	\$25,844
2033	78	76	\$90,000	\$116,425	(\$52,069)	\$0	\$20,000	\$27,379	\$19,048	\$0	\$0	\$0	(\$12,260)	(\$7,806)	\$15,600	\$0	\$86,493	\$6,538
2034	79	77	\$90,000	\$118,753	(\$63,343)	\$0	\$20,000	\$27,927	\$19,429	\$0	\$0	\$0	\$0	(\$7,679)	\$15,600	\$0	\$75,035	\$4,024
2035	80	78	\$80,000	\$107,669	\$122,882	\$0	\$20,000	\$28,485	\$3,263	\$0	\$50,624	\$443,790	\$0	(\$4,155)	\$203,020	\$951,400	\$306,603	\$79,318
2036	81	79	\$80,000	\$109,823	\$0	\$0	\$20,000	\$29,055	\$20,214	\$0	(\$39,662)	\$0	\$0	(\$4,196)	\$0	\$0	\$73,774	\$3,304
2037	82	80	\$80,000	\$112,019	\$0	\$0	\$20,000	\$29,636	\$20,618	\$0	(\$11,438)	(\$29,353)	\$0	(\$4,232)	\$0	\$0	\$74,580	\$3,259
2038	83	81	\$80,000	\$114,260	\$0	\$0	\$20,000	\$30,229	\$21,031	\$0	\$0	(\$41,942)	\$0	(\$4,274)	\$0	\$0	\$75,533	\$3,216
2039	84	82	\$80,000	\$116,545	\$0	\$0	\$20,000	\$30,833	\$21,451	\$0	\$0	(\$43,138)	\$0	(\$4,313)	\$0	\$0	\$76,597	\$3,191
2040	85	83	\$80,000	\$118,876	\$0	\$0	\$20,000	\$31,450	\$21,880	\$0	\$0	(\$44,360)	\$0	(\$4,349)	\$0	\$0	\$77,680	\$3,164
2041	86	84	\$80,000	\$121,253	\$0	\$0	\$20,000	\$32,079	\$22,318	\$0	\$0	(\$45,604)	\$0	(\$4,391)	\$0	\$0	\$78,787	\$3,138
2042	87	85	\$80,000	\$123,678	\$0	\$0	\$20,000	\$32,721	\$22,764	\$0	\$0	(\$46,879)	\$0	(\$4,425)	\$0	\$0	\$79,910	\$3,110
2043	88	86	\$80,000	\$126,152	\$0	\$0	\$20,000	\$33,375	\$23,219	\$0	\$0	(\$48,178)	\$0	(\$4,461)	\$0	\$0	\$81,055	\$3,081

Year	Age		After-Tax Spending		Surplus / Shortfall	Income	Pensions	Government Benefits			Capital Assets – Inflows / Outflows				Expenses	Other Cash Flow	Tax Related	
	John	Anne	In Real Dollars	In Nominal Dollars		Employment Income	All Pensions	CPP Pension	OAS Pension	CPP/EI Premiums	Non-Reg	TFSA	RRSP/RRIF	LIRA/LIF	Debt Payments		Taxable Income	Total Tax
2044	89	87	\$80,000	\$128,675	\$0	\$0	\$20,000	\$34,042	\$23,684	\$0	\$0	(\$49,503)	\$0	(\$4,498)	\$0	\$0	\$82,225	\$3,052
2045	90	88	\$80,000	\$131,248	\$0	\$0	\$20,000	\$34,723	\$24,157	\$0	\$0	(\$50,857)	\$0	(\$4,533)	\$0	\$0	\$83,414	\$3,022
2046	91	89	\$80,000	\$133,873	\$0	\$0	\$20,000	\$35,418	\$24,641	\$0	\$0	(\$52,242)	\$0	(\$4,564)	\$0	\$0	\$84,622	\$2,990
2047	92	90	\$80,000	\$136,551	\$0	\$0	\$20,000	\$36,126	\$25,133	\$0	\$0	(\$53,656)	\$0	(\$4,592)	\$0	\$0	\$85,852	\$2,958
2048	93	91	\$80,000	\$139,282	\$0	\$0	\$20,000	\$36,849	\$25,636	\$0	\$0	(\$55,101)	\$0	(\$4,619)	\$0	\$0	\$87,104	\$2,923
2049	94	92	\$80,000	\$142,068	\$0	\$0	\$20,000	\$37,586	\$26,149	\$0	\$0	(\$46,203)	\$0	(\$18,454)	\$0	\$0	\$102,188	\$6,323
2050	95	93	\$80,000	\$144,909	(\$53,503)	\$0	\$20,000	\$38,337	\$26,672	\$0	\$0	\$0	\$0	(\$10,397)	\$0	\$0	\$95,407	\$4,001

Income Details

Year	Age		Income	Pensions	Government Benefits			Capital Assets – Outflows			
	John	Anne	Employment Income	Pension (Anne)	CPP Pension	OAS Pension	OAS Clawback	Non-Reg	TFSA	RRSP/RRIF	LIRA/LIF
2020	65	63	\$120,000	\$0	\$9,701	\$6,749	\$0	\$0	\$0	\$0	\$0
2021	66	64	\$120,000	\$0	\$10,794	\$7,510	\$0	\$0	\$0	\$0	\$4,171
2022	67	65	\$0	\$18,301	\$20,185	\$14,043	\$0	\$54,445	\$628	\$0	\$4,349
2023	68	66	\$0	\$20,000	\$22,460	\$15,626	\$0	\$0	\$52,179	\$0	\$4,535
2024	69	67	\$0	\$20,000	\$22,910	\$15,939	\$0	\$0	\$53,149	\$0	\$4,729
2025	70	68	\$0	\$20,000	\$23,368	\$16,257	\$0	\$0	\$54,133	\$0	\$4,931
2026	71	69	\$0	\$20,000	\$23,835	\$16,582	\$0	\$0	\$55,134	\$0	\$5,142
2027	72	70	\$0	\$20,000	\$24,312	\$16,914	\$0	\$0	\$4,567	\$66,481	\$8,613
2028	73	71	\$0	\$20,000	\$24,798	\$17,252	\$0	\$0	\$0	\$74,977	\$8,473
2029	74	72	\$0	\$20,000	\$25,294	\$17,597	\$0	\$0	\$0	\$76,721	\$8,335
2030	75	73	\$0	\$20,000	\$25,800	\$17,949	\$0	\$0	\$0	\$78,494	\$8,200
2031	76	74	\$0	\$20,000	\$26,316	\$18,308	\$0	\$0	\$0	\$80,298	\$8,066
2032	77	75	\$0	\$20,000	\$26,842	\$18,675	\$0	\$0	\$0	\$82,134	\$7,935
2033	78	76	\$0	\$20,000	\$27,379	\$19,048	\$0	\$0	\$0	\$12,260	\$7,806
2034	79	77	\$0	\$20,000	\$27,927	\$19,429	\$0	\$0	\$0	\$0	\$7,679

Year	Age		Income	Pensions	Government Benefits			Capital Assets – Outflows			
	John	Anne	Employment Income	Pension (Anne)	CPP Pension	OAS Pension	OAS Clawback	Non-Reg	TFSA	RRSP/RRIF	LIRA/LIF
2035	80	78	\$0	\$20,000	\$28,485	\$3,263	\$16,555	\$0	\$0	\$0	\$4,155
2036	81	79	\$0	\$20,000	\$29,055	\$20,214	\$0	\$39,662	\$0	\$0	\$4,196
2037	82	80	\$0	\$20,000	\$29,636	\$20,618	\$0	\$11,438	\$29,353	\$0	\$4,232
2038	83	81	\$0	\$20,000	\$30,229	\$21,031	\$0	\$0	\$41,942	\$0	\$4,274
2039	84	82	\$0	\$20,000	\$30,833	\$21,451	\$0	\$0	\$43,138	\$0	\$4,313
2040	85	83	\$0	\$20,000	\$31,450	\$21,880	\$0	\$0	\$44,360	\$0	\$4,349
2041	86	84	\$0	\$20,000	\$32,079	\$22,318	\$0	\$0	\$45,604	\$0	\$4,391
2042	87	85	\$0	\$20,000	\$32,721	\$22,764	\$0	\$0	\$46,879	\$0	\$4,425
2043	88	86	\$0	\$20,000	\$33,375	\$23,219	\$0	\$0	\$48,178	\$0	\$4,461
2044	89	87	\$0	\$20,000	\$34,042	\$23,684	\$0	\$0	\$49,503	\$0	\$4,498
2045	90	88	\$0	\$20,000	\$34,723	\$24,157	\$0	\$0	\$50,857	\$0	\$4,533
2046	91	89	\$0	\$20,000	\$35,418	\$24,641	\$0	\$0	\$52,242	\$0	\$4,564
2047	92	90	\$0	\$20,000	\$36,126	\$25,133	\$0	\$0	\$53,656	\$0	\$4,592
2048	93	91	\$0	\$20,000	\$36,849	\$25,636	\$0	\$0	\$55,101	\$0	\$4,619
2049	94	92	\$0	\$20,000	\$37,586	\$26,149	\$0	\$0	\$46,203	\$0	\$18,454
2050	95	93	\$0	\$20,000	\$38,337	\$26,672	\$0	\$0	\$0	\$0	\$10,397

Recommendations

There will be a shortfall for 2 years when John/Anne turns 78/76 and again in the final year of the plan. This shortfall does not consider their principal residence value which could be sold, downsized or tapped into for equity. John and Anne can consider delaying their CPP and/or OAS, reducing expenses, changing their investment mix, selling their cottage earlier among other options to manage these shortfalls. There are also years of higher taxation that can be looked at and smoothed out to minimize the taxes. The plan gives them an overall view of their current financial situation and based on the assumptions provided it gives them a view of how their finances will last in retirement. They will not run out of money in this plan because of their principal residence. We recommend adjusting some of the variables in this plan to see if alternate scenarios can improve the cash flow. It is recommended that the plan is reviewed annually to account for any divergence from the plan.