PAGE
and ASSOCIATES

Client Information Summary

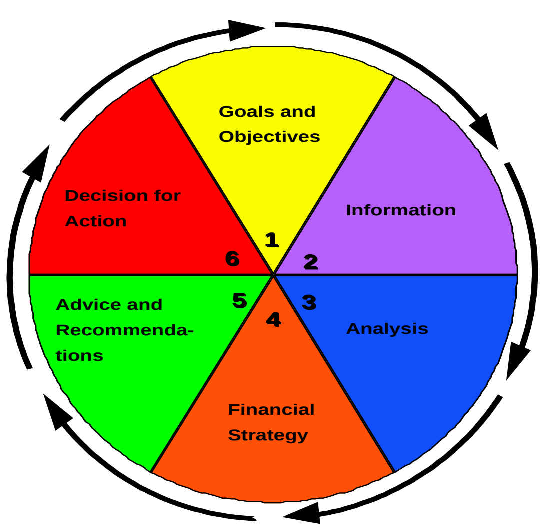
Strategic Decision Making

In our profession, we have had the opportunity to observe first hand how people make financial decisions. In many cases, we have also had the opportunity to observe the consequences of those decisions, as today's decisions do indeed determine tomorrow's financial destiny.

For example, we have seen decisions based on:

- an emotion of the moment
- a hot tip
- an approaching deadline
- the possibility of getting rich quick
- a friend's opinion
- unfounded fears caused by ignorance of the facts.

Needless to say, for decision making to be effective, the thought process leading to the decision should be orderly, methodical, and comprehensive. The terminology that we use to describe the process is strategic. We view the process as having six steps, as illustrated on the below diagram. We will now describe each of the steps in more detail.



1

Goals and Objectives

The first step should always be having a good definition of both your short term and long term objectives.

This would include such things as knowing:

- when you would like to retire,
- how much monthly income you would want to support your chosen lifestyle,
- what else you need such as money for children's education, paying off debts, or buying a recreational property, in addition, when you will need or would like to have the money,
- how you would like to have your estate distributed at time of death.

The more clearly you can define your goals, the easier it is to make certain that each of the decisions you make, are moving you in the direction of attaining your goals.

2

Information

We often see people make wrong decisions because they have failed to fully consider their current position. The information required to thoroughly assess your current position is:

- an accurate picture of where your money is going (cash flow),
- a statement of net worth, including personal assets, investments, and business assets,
- a complete description of any employment benefits, including both group insurance and pension benefits,
- a summary of existing wills, trusts, power of attorneys, marriage contracts, separation agreements, business agreements, etc.,
- a profile of your risk sensitivity, including a survey of your attitudes toward various types of investments.

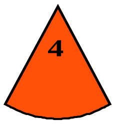
3

Analysis

Knowing where you want to go (objectives) and where you are now (information) provides the foundation for knowing what type of analysis is required. In most situations, the analysis performed should include:

- an analysis of your capital accumulation requirements showing how much capital you will need to accumulate over your lifetime to achieve all of your stated objectives. We refer to this as a financial independence analysis,
- an analysis of your cash flow, including an income tax projection, designed to identify problems and/or opportunities,
- an analysis of your capital requirements in the event of pre-mature death or disability, focusing on areas of vulnerability.

The analysis required may also include an examination of your existing investments, or perhaps, even a detailed analysis of the projected settlement costs of your estate at time of death.



Financial Strategy

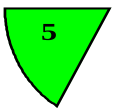
The strategy should tell you what you need to do to achieve all your objectives that relate to the accumulation of money, such as retiring when you want with the income that you want. In essence, the strategy should state what you need to do to accumulate the amount of capital as specified by the financial independence analysis.

The strategy is most often expressed by just two numbers:

- how much you need to save each year (if any),

- the optimum rate of return you should be able to earn on your investments, having regard for your personal risk sensitivity.

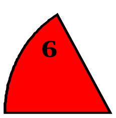
The strategy really tells you that if you save a specified amount each year, and position your assets to earn the optimum rate of return, you should be able to accumulate the capital you require to meet all of your objectives.



Advice and Recommendations

The advice and recommendations should provide a specific outline of the steps you need to take to make the strategy work, as well as to achieve any other objectives. For example, if the strategy involved saving $10,000 per annum to meet your capital accumulation requirements and your current cash flow indicated that you could save only $5,000, the advice would have to include specific ideas to reduce expenses, lower your taxes, or reduce the carrying cost of your debt by $5,000 per annum, to make it possible to save the full $10,000. Or, if the optimum rate of return of your investments was 7% and you were currently only averaging 5%, the advice should detail specifically what changes you need to make to get 7%.

Other advice and recommendations should also be developed to make certain that other non-accumulation objectives, such as the distribution of your estate at time of death, are achieved by following the advice. If you are already financially independent, that is, you have already accumulated enough to meet all of your future income requirements, much of the advice that you require would relate to these non-accumulation objectives.



Decisions For Action

A plan is only a plan until it is put into action. This last step is the actual doing. Any deliberation should occur in the previous five steps. Once this stage is reached, turning the objectives into reality only takes place by doing or following the advice.

Attainment of your goals and objectives is a joint responsibility

If you are your own advisor, the responsibility will rest solely with you for all six steps. Perhaps that is why many people working on their own do not really achieve all of their objectives. Rather than following the steps as outlined to make decisions on a strategic basis, people often lapse into making decisions on a transactional basis considering only one area of their financial world, or only one objective in isolation. Our experience has been that only the most disciplined people can perpetually make decisions strategically. Most everyone occasionally gets trapped into making a decision based on an emotion of the moment, an approaching deadline, or herd psychology (doing what everyone else is doing).

If you are working with a responsible strategic financial advisor, the responsibility is shared in this way. Steps one and two will be heavily dependent upon you. Your advisors will not know your objectives unless you tell them (although good advisors should always be asking). Your advisors will also have to rely on you to keep them informed of changes in your personal situation such as; pay increases/decreases, change in employment benefits, and change in responsibilities or personal family situation.

With knowledge of your objectives and up to date information, your advisor should assume the responsibly of performing the required analysis, developing the strategy, and offering specific advice and recommendations to make the strategy work. The last step, the decisions for action, will of course be your responsibility, but even here, a good advisor will make it easier by continuing to work with you, and offering gentle "prods" as required.

Adherence to these six steps for effective decision making will ensure that you achieve all of your objectives in a far more effective manner than any other method of decision making. Conversely, failure to make decisions strategically, often results in years of hardship and disappointment. Today's decisions (bad or good) do determine tomorrow's financial destiny.

Not a once in a lifetime process!

When should you start making decisions on a strategic basis? When you are out of debt? When you get organized? The answer is an emphatic no! Today is the best time to begin. Why? Simply because the process can be used effectively to achieve any and all financial objectives. But, understand that the process should be continuous. Each time objectives are realized, or changed, each time information changes; a new analysis, and new strategy, and/or new advice may be required.

How long should you follow this process of making decisions on a strategic basis? Until you are financially independent? Until you are on track? The answer is quite simply always.

Often we are approached by affluent persons to do estate planning. Their thinking is to simply reduce taxes at time of death and have their estate distributed in the most effective manner possible. Sometimes they fail to grasp the fact that every aspect of their financial world is connected and they miss the fact that following this simple process will dramatically impact the amount of money that is ultimately available to be passed on to the next generation. Their success in the accumulation of wealth sometimes blinds them to the fact that the six steps of effective decision making can also be used for the preservation of wealth.

Thus, in summary, we encourage you to begin today making all of your financial decisions on a strategic basis. If today's decisions determine tomorrow's financial destiny, shouldn't today's decisions always be the right ones?

Page Client Information Summary

CIS#103-G 20180920

Head Office:
95 Mural Street, Suite 405,
Richmond Hill, Ontario, L4B 3G2
Phone: (905) 884-5563
Fax: (905) 884-3365
www.askpage.com