



My Planning Options

Useful Links

www.mycreditunion.ca
Click on **Planning Tools**,
then on the **GO Figure** link
to access financial planning
tools for:

- Net Worth
- Investment
- Tax Planning
- Family Budget
- Estate Planning
- Insurance
- Retirement
- Severance

“He needed to repair his old car but had no savings and his credit cards were at their max.

We sat down with him for a quick budgeting session and to review his current situation. We were able to approve him for a consolidation loan that allowed him to pay for the car repairs and wrap his higher rate credit balances into one lower monthly payment. With the money he was saving in interest and several payments, we set up a regular savings plan for RRSPs. Within 15 months, he had not only paid off his loan, but had saved almost \$5,000. He has since sought financing for a brand new car and no longer carries a credit card balance from month to month.”

As told by a Credit Union
Member Service Rep

I want to achieve my financial goals, but...
how do I come up with a winning strategy?

What do top tier athletes and wealth management clients have in common?

Both have attained a high level of performance compared to the average individual. Athletes have reached the pinnacle of their chosen sport and wealth management clients have significant net worth. Both sets of individuals are often envied by others and considered to be role models.

Who does a bank value?

At a bank most often it is wealth management clients that get the red carpet treatment, better rates and individualized private banking. Wealth management is a term that came into vogue in the 1990s and is used in the financial service industry to describe all forms of financial consulting for top clients. You have to accumulate your wealth before you can become a wealth management client. At The Credit Union this is where we differ.

Where does that leave the rest of us?

Well, at a bank, pretty much on our own. But not at The Credit Union – we value each and every one of our members regardless of whether they can run a 10 minute mile or have achieved a high net worth ratio. You see, when we look at our members we don't look at what they can do for us, but what we can do for them. At The Credit Union it is about financial planning and not wealth management.

Simply put, financial planning is the process of managing your money so that you can meet your goals, whatever they may be. It includes several strategies such as budgeting, tax planning, insurance, investing, retirement and education savings – all which are used to grow your wealth. That's the big difference – in financial planning you grow your wealth and in wealth management you have already attained your wealth (not that you ever really want to stop growing it).

Do we really mean you?

Absolutely – when you think about it, financial planning is for everyone. Our position is really pretty simple – each and every member should have a financial plan because everyone has some kind of goal. No matter where you are in your financial life cycle, having a plan makes sense.

How do you get a financial plan?

The first step is to contact a Certified Financial Planner (CFP). They will sit down with you and help you assess your current situation by carefully reviewing your present financial information. You can expect to show your net worth, cash flow, insurance policies, tax returns, investments, savings and pension statements. Once your present situation is understood your CFP will help you identify your goals – financial and otherwise. Now the good stuff – armed with the knowledge of your current position and an understanding of your goals, the CFP can identify any problems that are standing in your way and provide a recommendation of how to eliminate the problems and move forward to meet your goals. A good CFP will help you implement the recommendations and will review your progress on an on-going basis. Rest assured, if you choose one of our financial planners – they will help you every step of the way.

You may have noticed that many of the items that a CFP will need to review are covered by our Financial Fitness tests. You can get information regarding your cash flow, savings, debt ratios and more by completing each of the tests: **Strength**, **Cardio**, **Agility** and **Flexibility**. The last test – **Balance** – is on the flip side of the newsletter and will help you calculate your net worth. If you have not already done so, now is the time to take our tests. You can take each test on our website, just go to www.mycreditunion.ca and click on the “Get Financially Fit” icon. Alternatively come into the branch or contact Member Assistance and we can send you a copy of the tests.

Not sure where to start or how to examine your finances?

Call or come in – we'll show you how.

Turn over to read about Financial Fitness
and complete the Financial Balance Test.

We'll show you how...

Go to mycreditunion.ca for:

- » The Personal
- » Financial Fitness Tests
- » Tips for Reducing Monthly Expenses

Financial Fitness Test: Balance

In order to achieve balance you must be flexible, be quick on your feet, have core strength and a strong heart.

When balance is achieved your overall performance improves because each area works together to improve your overall fitness level. Being financially balanced means no matter what stage of life you are in, you are secure. Financial balance is measured by looking at your net worth which is simply the total of your assets (i.e. savings, cash, home, car, investments) minus your debts.

What you will need to take the **Financial Balance** test:

Current value of savings and investments, current market value of your fixed assets (real estate, cars), current value of any other assets (jewellery, furniture, art), current balances on all loans (including mortgages), credit cards and LOCs, calculator, pencil/pen and paper.



STEP 1: CALCULATE YOUR TOTAL ASSETS	STEP 3: CALCULATE YOUR NET WORTH
<ul style="list-style-type: none"> • Add the total value of each of your savings and investments. It is best to take the after-tax value of stocks and bonds so that you do not over-inflate your net worth. <i>Savings + 70% of mutual funds + RSP = Total Value</i> $\\$1,214.25 + (.70 \times \\$39,714.23) + \\$23,816.27 = \mathbf{\\$52,830.48}$ • Add the current market values of your fixed assets <i>House = \$379,550.00; Car = \$14,675.00; Cottage = \$176,850.00</i> $\\$379,550.00 + \\$14,675.00 + \\$176,850.00 = \mathbf{\\$571,075.00}$ • Add the balances of your other assets. Be careful not to over-estimate their value. Realistically assess what you could sell them for today. <i>Art = \$1,850.00; Jewellery = \$2,000.00; Furniture = \$3,500.00</i> $\\$1,850.00 + \\$2,000.00 + \\$3,500.00 = \mathbf{\\$7,350.00}$ <i>Total Assets:</i> $\\$52,830.48 + \\$571,075.00 + \\$7350.00 = \mathbf{\\$631,255.48}$ 	<ul style="list-style-type: none"> • Subtract your total debts in STEP 2 from your total assets in STEP 1 $\\$631,255.48 - \\$507,617.70 = \mathbf{\\$123,637.78}$
STEP 2: CALCULATE YOUR TOTAL DEBT	STEP 4: CALCULATE YOUR NET WORTH RATIO
<ul style="list-style-type: none"> • Add up the balances on your loans, mortgages, LOCs and credit cards <i>VISA = \$895.23; HBC = \$1,433.35; LOC = \$9,702.13; Car = \$12,768.92; Student Loan = \$3,487.82; Mortgages = \$479,330.25</i> <i>Total Debts:</i> $\\$895.23 + \\$1,433.35 + \\$9,702.13 + \\$12,768.92 + \\$3,487.82 + \\$429,330.25 = \mathbf{\\$507,617.70}$ 	<ul style="list-style-type: none"> • Divide your net worth in STEP 3 by your total assets in STEP 1 $\\$123,637.78 \div \\$631,255.48 = \mathbf{0.1959}$ <i>Your ratio = $0.1959 \times 100 = \mathbf{19.59\%}$</i>
	STEP 5: FIND YOUR PLACE ON THE BALANCE SCALE
	<ul style="list-style-type: none"> • Find the category that your ratio falls in: Surviving = Less than 25% Stable = 25% - 39% Secure = 40% or more <p><i>In our example we fall into the Surviving category. This means that less than 25% of our assets are free from debt. The goal is to get this number as high as possible. To increase your ratio you either have to pay down your debt or increase your assets. The first place to start is by developing a financial plan. That way, you can make sure that you are balanced now and in the future.</i></p>

Balance Improvement Plan

Setting up a financial plan is the critical element in developing and maintaining good balance throughout your life. The good news is that it is never too late to start a financial plan. Your first step is to determine what your goals are. This means thinking about your immediate and long term goals when it comes to you and your family. What do you consider? Retirement plans, education, weddings, vacations, a second home – if you have a dream then make it a goal. Once those are decided then you take your test scores from the five Financial Fitness Tests and determine where your gaps are. Are you flexible, can you recover quickly, are you strong enough, do you have good financial cardio health? Financial planning will help you figure out how to fill all those gaps so that your goals are met. A good financial plan will consider tax planning, retirement options, estate planning and insurance coverage. This is when you need to sit with a Certified Financial Planner and go through both your results, and your goals.

Not sure where to start?

Call or come on in—we'll show you how.

Fitness News

Over 250 members have received their FREE Financially Fit water bottle simply by completing a fitness test online or at the branch. Through November each member eligible for a water bottle is also entered to WIN one of the pieces of fitness equipment on display at each branch.

Haven't started your financial fitness program? Go online to www.mycreditunion.ca and click on "Get Financially Fit". Clicking not for you? Come in to your branch or contact Member Assistance and we can send you a copy of each test. We will even help you do them. Once the tests are out of the way we'll show you how to get started on your individualized financial fitness program to get you in the best possible shape.