

COMPASS

Charting your Financial Independence





YOUR DESTINATION: FINANCIAL INDEPENDENCE

COMPASS . . . leading you in the right direction

Financial independence is a goal that many of us would like to achieve, however, in a fast moving and complex financial world, mapping out a strategy is not an easy task. In addition, you've worked hard and reached a level where issues that you should consider are more complex.

The plan you require will need to address a complex array of tax rules and estate planning strategies. It will have to provide a detailed analysis of where you are today and a step-by-step approach of the strategies that will take you where you want to go. Preparing such a comprehensive plan and then implementing and monitoring your progress is a time-consuming exercise. This is where we want to help.



WE HAVE WHAT YOU NEED... YOUR COMPASS FINANCIAL PLAN

Prepared by experts. Designed for you.

Created by the financial planning experts at RBC Investments[†], COMPASS provides you with a customized analysis of your financial situation by comparing your financial objectives to the financial information you provide.

YOUR COMPASS FINANCIAL PLAN: HELPING YOU ANSWER TODAY'S DIFFICULT FINANCIAL QUESTIONS

The COMPASS Financial Plan can take many forms. The form will depend on whether you are married or single, still working or already retired. Each COMPASS Financial Plan is prepared by our experts to address your core financial planning needs, which typically answer the following questions:

- > Can I retire when I want to and maintain my desired retirement lifestyle?
- > How can I ensure that I don't outlive my money?
- > How can I minimize the taxes I pay each year?
- > Is my investment mix appropriate?
- > If I were to die unexpectedly, would my family be taken care of?
- > How can I protect the value and integrity of my estate?

Answering these questions requires an analysis of your current financial situation and an exploration of potential opportunities that will ensure you are on the

right course. COMPASS can help you answer these questions by addressing all elements of the planning process.

- > cash management
- > debt management
- > tax planning
- > investment planning
- > retirement planning
- > risk management
- > estate planning

COMPASS provides a clear indication of your ability to meet your objectives, with detailed recommendations tailored to your specific needs.

While the implementation of your financial plan requires a long-term commitment, following the COMPASS approach will simplify your journey, and keep you on course.

COMPASS: YOUR JOURNEY TO FINANCIAL INDEPENDENCE

The COMPASS Financial Plan has been designed in a logical, easy-to-follow format that divides your financial situation into fundamental components. Each component of the COMPASS Financial Plan builds on one another to offer a truly comprehensive analysis and step-by-step guide. The sections include specific recommendations and provide direction on how to implement them.

1 Start your journey with an analysis of your current financial position

The foundation of any financial plan is a thorough analysis of your present financial situation. We begin with the preparation of a net-worth statement and current cash flow. With this information, we perform several evaluations including the following:

- › **Liquidity/emergency fund analysis** – we discuss the balance between maintaining sufficient liquidity to provide financial flexibility and maximizing long-term investment returns.
- › **Debt management review** – We explore potential opportunities to better manage debt and enhance your net-worth.

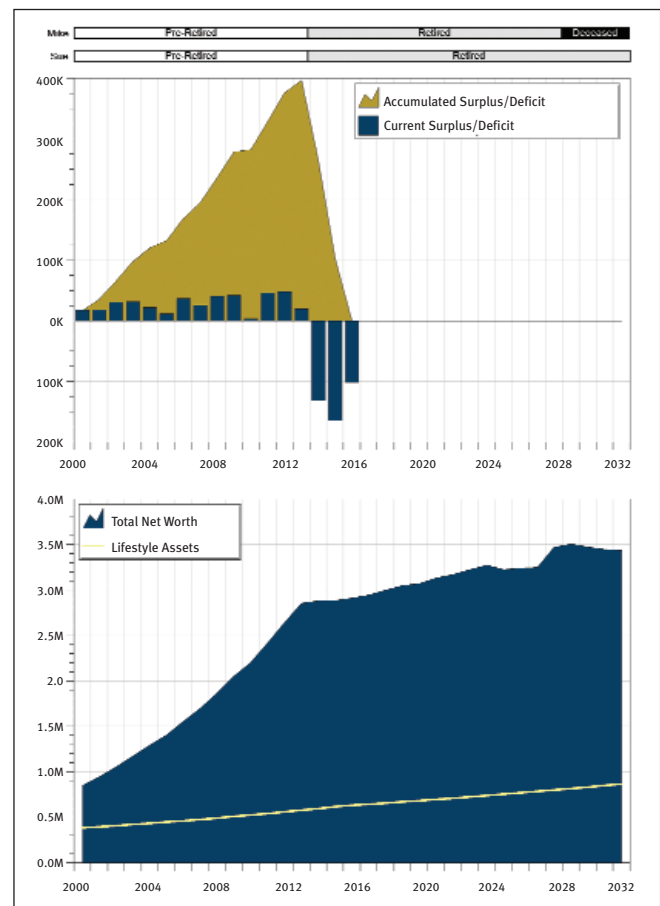
2 Now it's time to project where your current course is taking you

Based on your stated objectives, current strategies and savings rate, we prepare a long-term projection of your cash flow and net-worth (**Figure 1**). This projection is presented in an illustration that provides a glimpse of what the future may hold should you continue on your current course.

3 Next, we map out a tax planning strategy

Your tax planning section will provide you with specific strategies that will help you minimize your current taxes and maximize your after tax income. When appropriate, we will provide tax

Figure 1



planning strategies that will address specific goals such as funding your children's education, or exercising your stock options and ensure that you continue to minimize your tax liabilities in the future.

COMPASS also provides direction on the most tax efficient manner to redeem your non-registered assets, investment holding companies and registered assets in order to find your needs during retirement.

4 Then we provide an analysis of your investments

The investment planning section evaluates your current asset mix. Then, based on factors such as your investment time horizon, need for temporary cash inflows, income requirements tax positions, current investment allocation and your ability to tolerate fluctuations, we formulate a suggested asset mix. Your advisor may use this information to help refine your current asset mix.

5 We take a close look at how you manage risk

In this section cash flow and net worth projections are prepared to illustrate the impact on surviving family members if you or your spouse were to die in the next year. This analysis, determines if the wealth you have accumulated, combined with any insurance coverage you have, is sufficient to mitigate the risk of an unexpected death.

If important to your personal situation, COMPASS will provide a similar analysis that will address the risk of you becoming disabled.

6 And then we review your estate plan

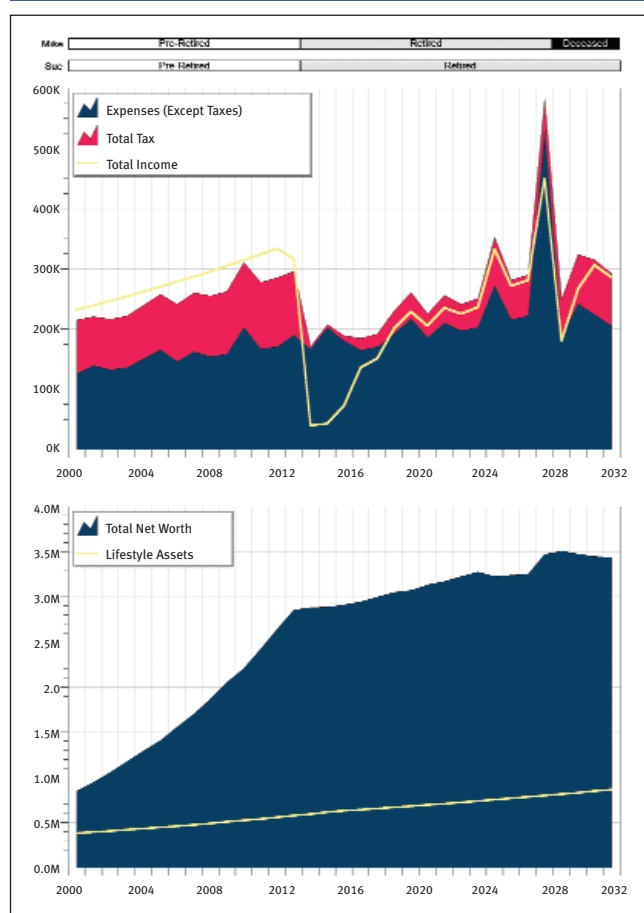
Your estate plan will highlight the various ways to transfer your accumulated wealth to your designated beneficiaries. We will review the taxes that will be payable upon your death for each year until your projected life expectancy.

We will also provide recommendations to address your stated objectives such as asset protection, charitable intentions, income splitting or providing for a specific family member.

7 We then show you the impact of our recommendations

In each of the previous sections we provided specific recommendations to meet your financial objectives and / or improve your financial situation. In your recommended plan we implement these strategies and illustrate their impact using our cash flow and net worth (Figure 2) situation graphs. This section includes a detailed breakdown of your projected net worth and cash flow statements.

Figure 2



8 Your action plan leads to financial independence

Your action plan summarizes the key recommendations indicated in the previous sections and provides a clear guideline for you and your advisor to help monitor their implementation.



THE COMPASS FINANCIAL PLAN: A NEW DIRECTION IN PERSONAL FINANCIAL PLANNING

With the COMPASS Financial Plan, you can chart your way to financial independence with confidence. Here's why:

Custom-tailored: the COMPASS Financial Plan is a personalized plan based on the information you provide. The recommendations provided within the plan are tailored to your financial situation, and your short and long-term objectives.

Comprehensive: COMPASS addresses all aspects of your financial affairs including cash and debt management, tax and investment planning, risk management and retirement and estate planning.

Expert advice: your COMPASS Financial Plan is prepared by accredited financial planning experts at RBC Investments.

Objective: the analysis and recommendations contained in this plan are unbiased.

Identifies life insurance requirements[‡]: our risk management analysis will identify if you have adequate income and assets to meet your personal estate needs or if additional Life Insurance coverage is required.

[‡]Please see back cover for additional information.



TAKE THE NEXT STEP . . . TO RBC INVESTMENTS

You have choices when it comes to managing your finances. How do you make the choices that are right for you? If trust and experience are important to you, consider RBC Investments as your choice for Professional Wealth Management.

For over a century, private investors have turned to RBC Investments to help them achieve their financial goals. Today, our advisors are entrusted with \$430 billion in assets by over one million clients across Canada and around the globe.

With RBC Investments, you have access to comprehensive wealth management solutions designed around you. All the services you need are available through your personal advisor, including investment advice, financial planning, discretionary portfolio management, global banking and estate planning.



CHART YOUR COURSE TO FINANCIAL INDEPENDENCE WITH PROFESSIONAL ADVICE FROM YOUR RBC INVESTMENTS ADVISOR

Your advisor is qualified to assist you with the implementation of the investment component of your COMPASS Financial Plan. However, if you should require assistance with the execution of other COMPASS recommendations, your advisor can direct you to the appropriate professionals.

To learn how you can chart your course to financial independence, or to review a sample COMPASS Financial Plan, call an advisor from an RBC Investments member company today.

Visit our Internet Site:
www.rbcinvestments.com



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