The A-Team Presents

High Impact Training

Class 2

FLS Sheet

Info Gather/ Pre-Agreement

Carryback

Info-Gather Pre-Agreement

Moving Investments

Pre-Agreement to Moving RRSPs & TFSAs:

The process of moving their investments begins when you are gathering information. When I get to the RRSP/TFSA section ask:

Do you use RRSPs? About how much do you have in there?

Yes, I have about $_____. *We only have $_____.*

Okay, great. Good for you (guys)!

Always complement them for at least having some investments. It is always good to complement them for doing SOMETHING right as most people are almost embarrassed about how little they have saved. They may or may not tell you which institution they are at. If not, you MUST ASK:

Do you put money in every month? How much?

Which company are they with?

"Oh they are with ABC Company."

Pre-Agreement RRSP/TFSA Question

If we could show you a way to get your money working harder for you, would you be open to looking at that?

"Yeah, sure."

Great! Do you have a statement handy, or should we pull it up online?

*** repeat process and questions for all other investments on FLS Sheet***

If they pull up their online statement/banking, you can just write down the fund names they are in or get a picture of it

If they hesitate to give you the statements:

I'll return the copy/copies when we get back together so you can put it back in your file. (We can't do anything with just your statement anyway.) Do you have the statement(s) here or do you need to go look for it? (end in a question!)

RRSP/TFSA Questions:

1. *Well. I've been with my guy (or it's my cousin) for many years and I don't know I'd move.*

   (What they're really trying to say is geez, if we move them it could be uncomfortable and create some unwanted tension/stress between us and our advisor, who may be a family friend.)

   I can appreciate that, let's do this. Let me do a comparison for you anyway and if it's obvious that there's a better place for them, I'll suggest it. Otherwise we'll just leave them there… does that sound fair?

   HINT: I never use the advisor's name as it's too personal. Use "advisor", or "the bank", not the bank's name.

2. *If I move them there's going to be a penalty, so I want to wait a while.*

   I can appreciate that. If we're moving to a better performing area, it should take care of that long term anyways. Wo why don't we at least do the comparison and see if there is better options, does that make sense?

3. *They are down right now so I want to wait until they come back up, then I can move them.*

   I can understand that for sure. Here's the thing, if they're down now, they're down in most places so you're buying low either way. And if we can get them in a better spot, when things recover, they could recover faster. Does that make sense?

Info-Gather Pre-Agreement

Insurance

GOAL: To discuss, assess, and obtain a pre-agreement on the coverage amount and provide an adequate protection quote for the client.

Gathering information:

- Lastly, is insurance. Do you guys have any personal life insurance outside of work? Do you have mortgage life insurance?
- Do you know what the coverage amount is?
- Do you know what type it is? Which company is it with?
- Do you happen to have the policies handy? It'll help me see exactly what you have and better evaluate your situation (Ask them to get the policy)
- Explain Mortgage insurance if they have it or if they're about to buy a house, if not go into 10-20x recommendation

Mortgage Insurance vs Personal Insurance

Mortgage Ins.	Personal Ins.
X decreasing payout	√ fixed payout
X group premiums	√ individual premiums (typically less $)
X post claim underwriting	√ upfront underwriting

Decreasing Coverage

For example: If you have a mortgage for $300,000 and you pay $100/m for that coverage, 10 years later you may only owe $150,000 on your mortgage, but you'll still be paying $100/m. So you're paying the same amount for half the coverage. Whereas with personal life insurance, if you choose to have $300,000 in coverage, 10 years later you still have $300,000 in coverage.

Underwriting

Post claim underwriting means if you make a claim, now they go through your medical records and decide whether they want to pay it out or not. It's not actually guaranteed to pay out, even though you could be paying for it for years. With personal life insurance, they do all the underwriting upfront, so before you pay for the coverage, you know for sure whether you're approved or not.

Can you see why we recommend people to have personal life insurance as opposed to mortgage life insurance?

Preclosing the proper amount of insurance:

With life insurance the way it works is, generally you want to have at least 10 to 20 times your annual income in coverage. So in your scenario, you're making about $80,000/year, so you would want at least $800,000 in coverage.

Generally, there's 2 reasons why you would want life insurance, one is to take care of any debts, which for you guys is about $400,000(round to the nearest $50,000), so that would leave $400,000 left over.

The second reason why you would want that money, is to generate some income. So we would take that $400,000, invest it conservatively at 5%, which would pay an ongoing income of about $20,000/year.

10x - 20x

$80k/yr x 10 = $800k

1) Debt
2) Income

$800k
- $400k
$400k @ 5% = $20k/yr

If something happened to you, is that an amount you'd be comfortable with to take care of your family?

*If they say no to that amount per year, then ask, how much income per year would you want for your family?

(Then work through the math)

Great, so if we put together some numbers along those lines, is that something you're comfortable looking at?

Assuming pre-agreement has been obtained, here is how you can explain to your clients how term insurance differs from UL, and the importance of converting their term to UL (if and when suitable).

Explaining the reasoning for insurance amount should be a review from the pre-agreement during the initial info gather.

There are 2 main types of life insurance, Term and Permanent. The basics on each are:

Term	Permanent
✓ Less $	X More $
X Rent	✓ Own
X Renew ↑	✓ Get $ back

There are 2 different type of insurance; Term and Permanent. The good thing about term is it's less money upfront. The downside is it's kind of like renting; you only have it for a specific term, usually 10, 20, or 30 years. After your term is up you could renew it, but then the price goes way up.

Permanent insurance, the down side is it requires more money going into it, but you own it, and you can set it up so you can get your money back.

Usually what we recommend is a combination of both.

Does that make sense to you?

Intangibles

You will almost always want to recommend a 20 yr term or 30 yr term as opposed to a 10 year term because when you renew a 10 yr term the cost goes up approximately 4-5 times. Use 10 yr term only when cashflow is a serious issue or if your client is older and can't afford a 20 yr or 30 yr

Usually I recommend similar insurance amounts for both spouses. This may be difficult for some families to understand, but when you really think about it, if there happens to be a stay at home mom, she may not have any income, but how would the husband still work full time to generate income, and look after the kids at the same time. At the end of the day, what matters most is that you are getting the family more coverage than they had before.

Pre-Closing Critical Illness

Do you know anyone that's ever had an illness like cancer, heart attack, stroke, etc.? Life insurance is designed to protect your family, while critical illness is there to protect yourself. The way it works is, if you were to ever get one of the conditions, the insurance company pays you a one-time, lump sum, tax free payout. You can use that money for time off work, treatment, or anything you want.

There's also a way we can set it up, that if you never get an illness you can get all your money back. Is that something you'd open to looking at? Great, I'll put together some options to take a look at.

The Carryback

A carryback is when you have put an actual financial plan together and are sitting back down with that family to show them the recommendations we can offer in order to get their financial future on track.

The question is: Are you prepared? (VERY IMPORTANT, like a lawyer presenting a case)

Four main pages for your carryback:

1. **FIN #**
2. **Net Worth**
3. **Recap Sheet (Cashflow Analysis)**
4. **Summary (Projections)**

   Plus any comparisons:
   (Mackenzie Precision comparisons, Term, or UL print offs)

The key to your carryback is **PREPARATION and CONFIDENCE!**

The more prepared you are, the better as your mental state is stronger and more positive. Your positive mental state adds to the energy to close a sale and help this family or individual.

Always pre-fill any paperwork. Why? You already got an agreement to look at the programs during the presentation and information gather. When you assume the sale, many times you will get it. Remember, if you think you will or won't get it, you are right.

Do you have all the forms you need? Do you have a "car box" with the basics? (KYC, trade ticket, insurance app, etc.)

When I go into the carryback, I am ready to make a sale, to do what is right 100% of the time and to lead the customer to a positive experience and to the area they need to be at in order to get themselves on track for financial independence.

Have you determined what the most important piece of business is to focus on right now? Example: No life insurance and have a family, very likely candidate for refinancing, told you they wanted to start a TFSA etc. Then focus on that. Don't try to do 4-5 things in 1 sitting. Usually I aim for 1-2 that are most important.

How to Explain the FIN#

The first part here is calculating your financial independence number. You said ideally you wanted to retire by age 60, worst case scenario 65. Right now you're 37, so that means if you retire by 60 you have 23 years to save up. And this software calculates the exact day you're going to live to… (pause) just kidding haha, obviously we have no idea how long we're going to live for, so we just have to go by the average life expectancy of 85. So if you retire at 60, you have 23 years to save up, and the money has to last you 25 years. If you retire at age 65, you have 28 years to save up and the money has to last you 20 years.

The next part here explains what these calculations are based on, so we're going to assume your money will grow at an average of 8% per year, once in retirement you'd put it in something more conservative so about 6% per year, and inflation on average is about 3% per year, so that just means the cost of living goes up over time.
You said that you wanted to retire on about $60,000 per year, so by the time you're 60, you'll need $118,000 to get you what $60,000 does today. And by the time you're 65 you'll need $137,000 to get you what $60,000 does today. Does that make sense?

The next part here goes through government pension and old age security. We didn't include that because who knows how much you will receive by then. We'll consider it a bonus, because we don't want to count on it and not have it be there. (If they are age 50+ use the average numbers for CPP and OAS.)

So if you retire by 60 you'll need to have $1.93 million saved up or $2,458/month in order to get there. Then to retire at 65, you'll need to have about 1.95 million saved up, or $1,564/month in order to get there. This is based on if you have nothing saved. You do have some money saved so the last page I'll go through what that will grow to.
The good news is, this is based on if all your money is in areas of high tax, so if we get you saving in areas of no tax you won't need quite as much.

So I know these numbers seem fairly large because we're talking about a lot of money and most people don't have a realistic expectation of what it will take to get to retirement. But what we want you to take from this, is that the more money we can save today, they better your situation will be in the future. Does that make sense?

FINANCIAL INDEPENDENCE NUMBER:

Prepared For: **John & Mary SuperClient**

Suite 1B, 4976 - 98 Ave
Edmonton, AB T6B 2Y7
office : (780) 485-9854
fax : (780) 485-9856

Cell #: 123 456 7890

Prepared On: **January 1, 2021**
Prepared By: **Bill SuperAgent**
Title: Associate
Phone #: 123 654 0987

www.wfgopportunity.ca
www.researchwfg.com/Canada

Assumptions for Age and Life Expectancy:	**FIN # 1**	**FIN # 2**
Desired Retirement Age:	60	65
Current Age	35	35
Years to Retirement	**25**	**30**
Life Expectancy - Estimated	**85**	**85**
# of Years Funds Have To Last	**25**	**20**

Assumptions for Investment Rate & Inflation:		
Investment Rate (Pre Retirement)	8.00%	8.00%
Investment Rate (Post Retirement)	6.00%	6.00%
Inflation Rate	3.00%	3.00%
Income Required at Retirement:	$60,000	$60,000
Inflated:	$125,627	$145,636

Pensions, Gov't Benefits:		
Monthly Pension Income in Today's Dollars	$0	$0
Monthly CPP	$0	$0
Monthly OAS	$0	$0
	$0	$0

Retirement (Income needs will increase with inflation)**:**

Savings Needed at Retirement (FIN#):	**$2,056,526**	**$2,071,214**
Monthly Contributions Needed:	**$2,162**	**$1,390**

Disclaimer: The information contained herein is based on certain assumptions and is for illustration purposes only. While care is taken in the preparation of this document no warranty is made as to its accuracy.

Net Worth Calculator for: John & Mary SuperClient

Assets

		Estimated Value
Fixed Assets	**Description**	**$415,000**
Residence		$400,000
Real Estate 1		
Real Estate 2		
Vehicle 1	2016 Toyota Camry	$15,000
Vehicle 2		
Other		
Other		
Investments		**$50,000**
RRSP Primary	John	$20,000
RRSP Primary	Mary	$30,000
RRSP Spouse		
RRSP Spouse		
Pension Primary		
Pension Spouse		
Life Ins. 1 (Fund Value)		
Life Ins. 2 (Fund Value)		
RESP 1		
RESP 2		
Other		
Liquid Assets		**$7,000**
Chequing Account		$3,000
Chequing Account		
Savings Account		
Savings Account		
TFSA Primary		$4,000
TFSA Spouse		
Non-Registered 1		
Non-Registered 2		
Total Assets		**$472,000**

Liabilities

		Estimated Value
Loan & Debt Balances		**$314,000**
Mortgage 1		$300,000
Mortgage 2		
Mortgage 3		
Car Loan 1		$6,000
Car Loan 2		
Loan 1		
Loan 2		
Credit Card 1	Visa	$3,000
Credit Card 2		
Credit Card 3		
Credit Card 4		
Line of Credit 1		
Line of Credit 2		
Student Loan		$5,000
Other debt		
Investment Loan Totals		**$0**
RRSP Loan 1		
RRSP Loan 2		
Investment Loan 1		
Investment Loan 2		
Total Liabilities		**$314,000**

Liquid Assets	**$7,000**
Fixed Assets	**$465,000**
Estimated Net Worth:	**$158,000**

(Net Worth = Total Assets - Total Liabilities)

RECAP for:

Date:

Prime Rate
2.70%

Associate

Cell #. 123 654 0987
Fax #. (780) 485-9856

Suite 1B, 4976 - 98 Ave
Edmonton, AB T6B 2Y7

GOALS:

1. **Pay Off Bad Debts (ie: credit cards)**
2. **Learn to Invest Wisely**
3. **Have a Financial Reserve**
4. **Retire with Enough Money**
5. **Have a game plan for retirement**

House	$400,000		Equity Available	$20,000
80%	$320,000		Loan	$0
Mortgage	$300,000		Credit Card	$0
Equity Available	**$20,000**	**(Making you 0%)**	Equity Available	**$20,000**

CURRENT PROGRAM

Item	Amount	$/month	Tax Ded.	Interest Rate
Mortgage	$300,000	$1,450		2.90%
Vehicle loan	$6,000	$350		3.00%
Student loan	$5,000	$200		6.00%
Credit Card	$3,000	$250		19.90%
Mortgage life insurance		$78		
RRSP-John	$20,000	$200	$2,400	
RRSP-Mary	$30,000	$200	$2,400	
TFSA	$4,000	$100		
Additional to invest		$300		
TOTAL		**$3,128**	**$4,800**	

WFG PROGRAM *

Item	Amount	$/month	Tax Ded.	Interest Rate
Mortgage	$300,000	$1,300		1.80%
Vehicle loan	$6,000	$350		3.00%
Student loan	$5,000	$200		6.00%
Credit Card	$3,000	$250		19.90%
Insurance tax shelter-John	$500,000	$100		
Insurance tax shelter-Mary	$500,000	$85		
RRSP-John	$20,000	$200		
RRSP-Mary	$30,000	$200		
TFSA	$4,000	$440		
TOTAL		**$3,125**	**$0**	

RECOMMENDATIONS:

1. Apply for proper insurance protection.
2. Get RRSP working harder.
3. Get TFSA working harder.
4.
5.
6.
7.

NOTE:

If you divide 72 by the interest rate of your investment, it gives you the approximate number of years it will take for your money to double. If you only get 2% it will take 36 years.

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			Retirement at Age 60 *			Retirement at Age 65 *		
Current Program:	**Current Value**	**Monthly**	**4%**	**5%**	**6%**	**4%**	**5%**	**6%**
RRSP-John	$20,000	$200 /mo	**156,143**	**186,829**	**224,436**	**203,678**	**252,891**	**315,773**
RRSP-Mary	$30,000	$200 /mo	**182,801**	**220,693**	**267,355**	**236,112**	**296,110**	**373,208**
TFSA	$4,000	$100 /mo	**62,076**	**73,096**	**86,467**	**82,379**	**100,514**	**123,425**
TOTAL CURRENT PLAN*		**$500 /mo**	**$401,020**	**$480,618**	**$578,258**	**$522,168**	**$649,514**	**$812,406**

WFG Program:	**Current Value**	**Monthly**	**7%**	**8%**	**9%**	**7%**	**8%**	**9%**
RRSP-John	$20,000	$200 /mo	**270,563**	**327,175**	**396,686**	**396,239**	**499,325**	**631,502**
RRSP-Mary	$30,000	$200 /mo	**324,837**	**395,660**	**482,917**	**472,362**	**599,952**	**764,179**
TFSA	$4,000	$440 /mo	**378,141**	**445,846**	**527,786**	**567,236**	**696,009**	**858,598**
Insurance tax shelter-John			**43,230**	**43,230**	**43,230**	**67,019**	**67,019**	**67,019**
Insurance tax shelter-Mary			**38,885**	**38,885**	**38,885**	**60,164**	**60,164**	**60,164**
TOTAL WFG PROGRAM*		**$840 /mo**	**$1,055,657**	**$1,250,795**	**$1,489,504**	**$1,563,020**	**$1,922,468**	**$2,381,462**

FIN - Financial Independence Number ***	**$2,056,526**	**$2,071,214**

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*** Universal Life quotes are based on certain assumptions using the Universal Life software - quotes are based on a single rate of return potential as per illustration.*
**** Financial Independence Number and the information contained herein is based on certain assumptions and is for illustration purposes only.*

Where To Invest

GICs
√ guaranteed

X low return

X 1-3%

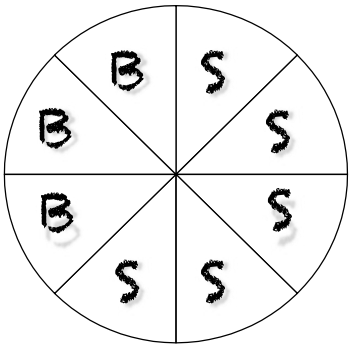
Bonds
issued by gov'ts & corps

med risk/return

Stocks
√ potential high return

X higher risk

Investment Funds
Professional Money Manager



√ potential high return
√ less risk

What to say while writing:

There are a few different areas in Canada you could invest. The first is GICs or Guaranteed Investment certificates. The good think about them is they are guaranteed. The downside is an extremely low return. Usually anywhere from 1-3%. But if on average inflation is about 3% per year, if you're making less than 3% you're actually losing money every year.

The next area you could invest is bonds. These could be issued by governments or corporations. Canadian Gov't bonds are very safe, but don't pay much. Corporate bonds are more medium risk, and medium return.

The next area is stocks. The good thing about stocks is you have the potential for higher returns, but the downside is they are also higher risk. So if you were to buy a couple different stocks, think of it like an elevator with only 2 cables. If something happened to one of those cables, how safe is that elevator? Not very safe right? And if something happened to both cables, well then you die. (haha)

So another area is something called Investment Funds. There is a professional money manager in charge of the fund, and they take your money, they take my money, they take a whole bunch of people's money and pool it all together and buy a mix of different stocks and bonds. What that does is still give you the potential for a higher return, but you're taking on way less risk. So that same elevator, if you had 15 or 20 different cables on it and something happens to one or two of them, you'd still be ok, right?

Two Types of Management

Old Way - Passive

- You go to a traditional institution, they get you to fill out a questionnaire and then they tell you you're either: low, medium or high risk tolerance and they put you into their standard, basic portfolio and generally don't make any changes.

New Way - Active

- Rather than going into one standard company portfolio, we've taken a look at the best professional money managers in different areas. No company has the best manager in every area, so we want to find the best performing managers in Canadian, the best in Global, and the best in Bonds.
- By bringing the best of the best together, we can create a portfolio that can protect your money on the downside and help you grow your money on the upside.

- Now go through the Mackenzie precision investment comparison.
- Show them the Fin summary

Close:

My recommendation is we get your money working harder in an actively managed portfolio, does that sound good to you?

Moving Money

From Banks and Other Companies / Advisors

Many times people are given INCORRECT information when they request to move their money from their existing company or bank. We like to inform our clients that the following may happen:

1. **Banks, or old company/advisor may call you.**
   Now that they are losing your business, they will want to provide you with service and ask you to come in and sit down and go over your account. You can simply tell them you've made up your mind, and it's a little late, or that they should have taken care of you sooner and say: "I've made my decision, please just transfer my funds".
2. **They may "attack" what you are doing, or tell you they can do the same thing.**
   Very often they will attack the investments you are moving into and try to get you to come in and review the program so they can offer their products instead. Sometimes it's more than just product. You may make a decision to do business with us based on a better investment choice for your needs, or you may base your decision on the value of our holistic planning approach and the education you have received.
3. **Your funds are down, or it's the worst time to move.**
   They may tell you that you shouldn't move your funds right now and that you could lose more money. If the market is down, most funds are down, so in most cases it will not make much difference. Plus if you are going into a better investment choice, long-term it will potentially make you more money anyway.
4. **You will be locked in for 6 years and if you try to move the money you'll pay fees.**
   You are NOT locked in. Nor do you pay fees to move the money around within the same fund company. The ONLY TIME you will incur a fee (backend fee or DSC – deferred sales charge) is if you move your money completely out of the company you are in to a new company. Seeing that you are going into a good area with solid professional money management, the chance you would have to move this money is slim to none. Plus, money is made when you stay invested in good funds and keep adding to the account, especially when the markets are down (dollar cost averaging). It's kind of like paying out your mortgage early and you have a mortgage penalty. Having said that, you can move 10% of your money each year with NO FEE.

ISC	DSC
3-5%	0% upfront 10% free/yr 6% ↓ 1%

How To Explain DSC:

Explain while filling out paperwork.

So_____, there are a couple ways advisors get paid in our industry. The first one is what's called an initial sales charge, where you get charged an upfront fee of 3-5%, I don't like to do it that way because then it's money out of your pocket. The way I prefer to do it is what's called deferred sales charge. This way you don't pay me anything, the fund company pays me. Then the way it works if you cash out in the first year you're going to pay 5.5%, second year etc. **(Show DSC Disclosure and get signed)**

DSC Acknowledgement Form

Account # _____

Fund Company: Industrial Alliance (IAG)_____

I, _____, understand and am aware of the DSC fee as per the prospectus. I accept that this fee will apply on redemptions/withdrawals from my account.

For reference, the DSC schedule is listed below:

DSC Redemption Schedule	
During the 1st year	5.75%
During the 2nd year	5.50%
During the 3rd year	5.00%
During the 4th year	4.50%
During the 5th year	4.00%
During the 6th year	3.50%
During the 7th year	2.00%
During the 8th year and subsequent years	0.00%

_____

Client Name Signature Date

_____

Client Name Signature Date

_____

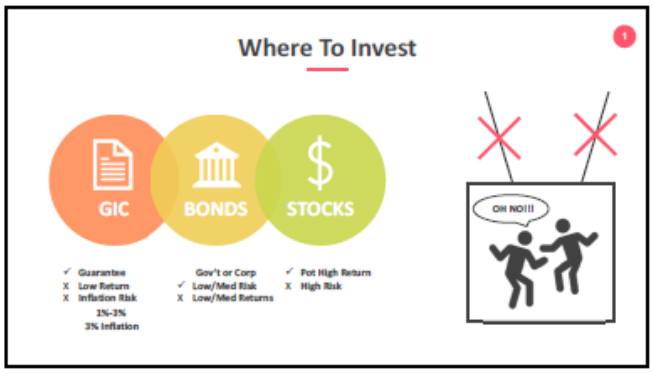
Agent Name Signature Date

SEG Fund Benefits Explained

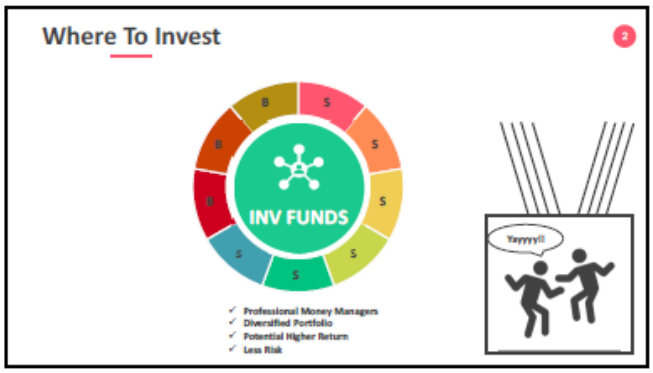
Because these portfolios are managed by an insurance company you have some additional benefits:

The first is a principle guarantee. This guarantee protects either 75 or 100% of the principle which means that you get to participate in the upside of the market with less risk. This guarantee is based on a fifteen year period. Your money is not locked in for fifteen years, but that is when the maturity guarantee kicks in.

The second is the death benefit guarantee which means that if your funds are down and you happen to pass away, your beneficiary would receive either 75 or 100% of your original investment, if it's below those values.


Where To Invest
1
GIC
BONDS
STOCKS
✓ Guarantee
X Low Return
X Inflation Risk
1%-3%
3% Inflation
Gov't or Corp
✓ Low/Med Risk
X Low/Med Returns
✓ Pot High Return
X High Risk
OH NO!!!

1


Where To Invest
2
INV FUNDS
✓ Professional Money Managers
✓ Diversified Portfolio
✓ Potential Higher Return
✓ Less Risk
Yayyyy!!

2


MANAGEMENT STYLES
3
BOND
STOCK
STOCK
STOCK
BONDS
Balanced Fund
Canadian Equity
Global Equity
Bond Market

3