

PROFESSIONAL STANDARDS

Personal Financial Planning



Institut québécois de
planification financière





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INTRODUCTION

1. BACKGROUND

Since 1989, when the *Act Respecting Market Intermediaries* (L.R.Q., c. I-15.1)¹ was introduced and the Institut québécois de planification financière (IQPF) was created, financial planning in Quebec has made significant advances and is now at the forefront of the development of market intermediaries in North America.

With our mission to “contribute to the protection and financial well-being of Quebec consumers by overseeing the training and qualification of a network of professionals who offer financial planning services based on an integrated approach to financial planning,” the IQPF has been the driving force behind the academic and professional development of the profession.

In 1993, we created a professional training course that integrates all seven financial planning areas through a systematic professional approach called the **Integrated Personal Financial Planning (IPFP)** approach.

Our desire to improve standards in the financial planning discipline also led to the creation of a curriculum, adopted by the entire Quebec university network, that is the envy of many jurisdictions across Canada, and today these standards represent the minimum requirements for entry into the profession.

This initial partnership with the universities was followed in 1996 and 1997 by the creation of a Financial Planning Certificate and a Certificate in Insurance and Financial Intervention, Financial Planning Stream, at the Université Laval and the Université du Québec à Montréal respectively.

In May 1998, the IQPF collaborated with the Université de Sherbrooke on the development of a Major in Financial Planning in its M.Fisc. program.

Entry requirements for the profession continue to rise, and beginning in 2005, future professionals will be required to complete a university Bachelor’s program. IQPF graduates currently number well above 7000, and nearly 3000 students are enrolled in various university programs in Quebec that could lead to the financial planner designation.

The IQPF and our founders have always supported an integrated, multidisciplinary approach that adds depth and scope to financial planning and makes the profession unique.

With the emerging needs of today’s consumers, the complexity of the fiscal and financial environment, the vulnerability of social programs, the constant changes to laws and regulations, and the greying of the population, integrated personal financial planning carried

¹ This law has since been replaced by the *Act Respecting the Distribution of Financial Products and Services* (L.R.Q., c. D-9.2).

out by trained, competent professionals has become an essential part of ensuring the accumulation, growth and management of the financial wealth of Quebecers.

2. THE FINANCIAL PLANNING PROFESSION

When the *Act respecting the Agence nationale d'encadrement du secteur financier* (L.R.Q., c. A-7.03) was passed, the IQPF was again recognized as the province's financial planning expert and the sole body authorized to grant the financial planner designation. Our exclusive responsibility for the mandatory professional development for all financial planners in Quebec was also reinstated.

The authority to grant an exclusive designation and provide professional training and development is only one aspect of the professional financial planning framework, however. The profession also requires a set of professional standards that can guarantee the protection that the Quebec public both demands and deserves.

According to Edmund D. Pellegrino and David C. Thomasma,² the four basic distinguishing characteristics of all true professions are as follows:

- The nature of the human needs it meets
- The vulnerability of the people it serves
- The trust placed in its practitioners
- The social contract that its existence presupposes

We feel that financial planning has all these characteristics because, first and foremost, it meets the profound human needs of security, well-being and autonomy.

Consumers are often confused by the complexity and number of personal finance choices available to them. This vulnerability means they need to have absolute trust in the financial planning professional they consult. The expectations financial planners face are very high – and legitimately so – and therefore they must adhere to a rigorous standard of professional competency.

In light of these requirements, the IQPF has developed a set of **professional standards** that provide clear guidelines to financial planners concerning the IPFP approach and the level of competency required in each financial planning area, along with a set of guiding principles and rules of conduct.

² Edmund D. PELLEGRINO and David C. THOMASMA, *Helping and Healing: Religious Commitment in Health Care*, Washington, Georgetown University Press, 1997.

3. PURPOSE OF THIS GUIDE

To borrow a phrase, we all know competency when we see it. But how can we *define* competency? A professional's competency can be measured by the extent of:

- Their understanding of the fields they practise (knowledge)
- Their ability to use that knowledge (hard skills)
- Their ability to judge the limits of their own competency (soft skills)
- Their behaviour in the face of these limits (soft skills)

This document is divided into three parts that correspond to the three skill types that are the basic components of financial planning competency: *knowledge*, *hard skills* and *soft skills*. The purpose of the professional standards presented in this guide is to:

- Establish guidelines for the IPFP approach
- Clarify what is expected of professional financial planners
- Standardize the service offering
- Reduce confusion and misunderstanding between clients and financial planners
- Better inform the public about the financial planning process and the various financial planning areas
- Increase public confidence in the profession

These professional standards apply to modular and integrated financial planning, and do not include the purchase or sale of specific financial products.

Part One of the guide, entitled **General Standards of Practice**, presents the financial planning areas, the IPFP approach, and the minimum requirements for applying the approach. It corresponds to the financial planner's *hard skills*.

Part Two, **Specific Standards**, focuses on the basic *knowledge* essential to the financial planner's competency and the level of expertise required in each area.

Our goal here was to provide a list of knowledge that candidates need to acquire through academic and professional training in order to prepare themselves to meet the challenges of the profession.

The third part of the guide presents **Ethical Standards** which propose a set of guiding principles and explore the "*soft skills*" that guide the professional and anchor the conduct and activities of financial planners.

PART ONE

GENERAL STANDARDS OF PRACTICE

1. INTRODUCTION

“Knowledge that you do not increase every day, diminishes every day.” — Chinese Proverb

Although we speak of the seven financial planning areas separately, they are all closely interrelated. Financial planning is, essentially, a multidisciplinary field that includes the following areas:

- **finance**, which deals with the financial and accounting aspects of the client’s life
- **taxation**, which involves tax payment and tax minimization strategies
- **Legal aspects**, which takes into account the client’s civil, matrimonial and legal status
- **retirement planning**, which handles financial preparations for retirement and the integration of income sources
- **investment**, which evaluates investment strategies in light of the client’s needs and goals
- **estate planning**, which evaluates the client’s estate and explores appropriate asset transfer strategies
- **insurance and risk management**, which assesses insurance needs and presents appropriate solutions

Personal financial planning is half art and half science, and its various components represent a vast field of study.

In writing this guide, we have tried to be as faithful as possible to the basic definition that “constitutes the legal and objective basis of integrated financial planning”³ which we have set out below:

Integrated personal financial planning is the structured optimization process of the client’s finances and assets in light of their constraints and personal goals. The process must lead to the recommendation of coherent strategies and actions.

Full optimization requires an approach that integrates all the steps of the financial planning process from the overall perspective of financial, legal, economic, and current and future tax constraints. This process draws its inspiration from prudent management principles that do not imperil the client’s financial health. However, constraints and personal goals must be legitimate and realistic.⁴

³ Institut québécois de planification financière brief, August 7, 1995.

⁴ *Collection de l’IQPF*, vol. 1, mod. 1, p. 1-15. Free translation.

2. THE INTEGRATED PERSONAL FINANCIAL PLANNING (IPFP) APPROACH

There can be no understanding without the support of a tradition that provides assumptions, preconceptions and tools.⁵

Although it has been discussed, approved, published, taught and widely acknowledged as a structured and cohesive process, the IQPF's integrated personal financial planning approach merits re-examination, for both the relevance of its form and the depth of its distinctive character.

The IPFP approach allows the prudent financial planner to act with care, rigor, diligence and competency in order to safeguard the financial health of the client. This organized and systematic approach resembles the scientific process established by the deductive reasoning principles of Galileo⁶ and Descartes,⁷ which still influence modern scientific thought today.

For every financial planning area that the financial planner and the client mutually agree to pursue, the financial planner follows the same rigorous method, which includes the ten following steps:

- Step 1** Explaining the process and the role of the financial planner
- Step 2** Drawing up the professional service contract or defining the terms of the engagement
- Step 3** Gathering information
- Step 4** Setting goals
- Step 5** Analysing the client's current situation
- Step 6** Determining priorities and developing a plan, strategies and recommendations
- Step 7** Compiling the report
- Step 8** Presenting the report
- Step 9** Implementing the plan
- Step 10** Monitoring the plan

The determination to reach an accurate and in-depth understanding of the client's financial and family situation, needs, goals, and constraints in order to offer useful and effective advice that will help achieve the target goals is part of the financial planner's distinctive skill set, and it guarantees the protection of the public and the solid reputation financial planners in Quebec currently enjoy.

⁵ Jean-Paul RESWEBER, professor of philosophy at the Centre universitaire de Luxembourg: *Qu'est-ce qu'interpréter? Essai sur les fondements de l'herméneutique*, Paris, Cerf, 1988. Free translation.

⁶ Galileo Galilei (1564-1642), Italian physican and astronomer who began the scientific revolution of the 17th century and one of the founders of modern physics.

⁷ René Descartes (1596-1650), French philosopher and scientist, author of *A Discourse on Method for Reasoning Well and Seeking Truth in the Sciences* (1637).

PART ONE - GENERAL STANDARDS OF PRACTICE

2.1 The IPFP Approach and the Financial Planner's Role

The financial planner's first step shall be to clearly explain their approach, their role and their responsibilities, the financial planning areas in which they have expertise and the advantages of undertaking the planning process.

The financial planner shall ensure that the client fully understands the type of services being proposed. Introductory materials prepared by the financial planning firm explaining the type of services offered may be used for this purpose. Financial planners whose firms do not provide explanatory documents may use materials designed by the IQPF.

Financial planning is a dynamic process that requires cooperation, a close working relationship and full trust between the financial planner and the client.

This first step in the process serves essentially to establish this trust between the financial planner and the client, to determine the usefulness of the services, and to initiate the cooperation necessary for the process.

Professional financial planners must be completely open if they want real trust to take root, develop and lead to a professional service contract.

2.2 The Professional Service Contract

The financial planner shall write up a service contract defining the engagement between the financial planner and the client and setting out the nature and scope of the services to be provided. In addition to the regulatory requirements, certain other items should be included in the service contract to ensure the client is properly informed.

The service contract shall include the five following items:

- a description of the nature and scope of the engagement
- an estimate of the remuneration and the number of hours required to execute the engagement
- a list of all the disciplines in which the financial planner is authorized to act, as well as the financial products and services likely to be offered in the execution of the engagement
- an acknowledgement of the confidential nature of the personal information that will be gathered and assurances concerning the way it will be handled
- the financial planner and client's signatures signifying acceptance of the engagement

(See Appendix II – **Professional Service Contract and Disclosure Notice**)

2.2.1 *Disclosure*

The financial planner shall clearly and fully disclose the following:

- the professional designations they are authorized to use
- their relationship with the firm or company they work for
- the compensation to be charged for implementing the recommendations and the potential need to consult other professionals during the financial planning process

A separate disclosure notice that includes each of these items and is signed by the client may be used.

(See Appendix II – **Professional Service Contract and Disclosure Notice**)

2.2.2 *Setting of Fees*

The financial planner shall exact fair and reasonable fees. In setting these fees, the financial planner shall take the five following factors into consideration:

- the time required to execute the professional service
- the difficulty and scope of the service
- whether the services requested are ordinary or require special competence or speed
- the financial planner's own experience and expertise
- the extent of the responsibility assumed

2.3 **Gathering Data**

Gathering information on the client is an essential activity that must be undertaken with care in order to fully understand the client's situation. The financial planner shall obtain as much information as possible on each of the personal financial planning areas. Depending on the specifics of the engagement, the information required in some planning areas may be less exhaustive.

The financial planner shall use a questionnaire to obtain the complete, current and accurate information needed to prepare a financial plan. The financial planner shall also compile and maintain a client file.

Module 1 of the *Collection de l'IQPF* proposes a simple and effective way to manage client information using a permanent file and a working file (see **Appendix III – Client File**). The advantage of this method is that it differentiates two types of information – the general information gathered from the client (permanent file) and the information related to the financial planning work undertaken by the financial planner (working file).

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2.3.1 File Maintenance

The financial planner shall use the following security measures to protect and maintain the personal information they collect:

- using information solely for the purpose for which it was collected
- limiting access to the files to authorized individuals only
- communicating the information solely to individuals authorized to receive it
- securely storing the information in a safe place
- adhering to the rules of the *Act Respecting the Protection of Personal Information in the Private Sector* (L.R.Q., c. P-39.1).

2.4 Setting Goals

Goal-setting is a crucial part of the financial planning process. The financial planner shall help the client identify goals in each of the financial planning areas covered by the service contract:

- personal and family situation
- finances
- taxes
- children's education
- retirement planning
- estate planning
- insurance

The financial planner shall help the client prioritize the identified goals and then plot the goals in time in order to determine their feasibility in the short, middle and long term.

Module 1 of the *Collection de l'IQPF* proposes a series of goals for each financial planning area and a method for determining priorities (see Module 1, sub-section 4.4.3).

Without an in-depth understanding of the client's goals, a rigorous, accurate and relevant analysis is impossible.

2.5 Analysing the Client's Situation

During the analysis, problems or gaps between the desired situation (goals) and reality are identified and assessed. For each financial planning area, the financial planner shall apply a standard problem-solving process:

- review goals as expressed by the client
- explore the current situation based on documentation provided
- evaluate the feasibility of achieving the target goal

- identify gaps
- propose solutions and alternatives
- formulate recommendations

For each area, the financial planner shall present scenarios that give the client an idea of how the situation may unfold over time and that anticipate the results of the proposed recommendations. The financial planner shall identify and document the scenarios and assumptions used as described in sub-section 2.6.1 of this guide.

2.5.1 Personal Financial Statements

The financial planner shall undertake several analyses, as explained in the following sub-section. To prepare for these analyses, the financial planner shall compile the following personal financial statements or calculations:

- Personal Balance Sheet (see Appendix IV – Personal Financial Statements, Section A)
- Budget Forecast (see Appendix IV – Personal Financial Statements, Section B)
- Estate Plan (see Appendix IV – Personal Financial Statements, Section C)
- Cash Position of the Estate (see Appendix IV – Personal Financial Statements, Section D)

In addition to these four, a Statement of Net Worth and Statement of Cash Position may sometimes be useful.

2.5.2 Personal and Family Situation

Analysing the client's personal and family situation enables the financial planner to create a portrait of the client's family and matrimony situation, to identify the client's goals and to assess current and anticipated problems.

At this stage, the financial planner becomes the confidant of the client's dreams, desires and intimate plans. Tact, good listenership, empathy and generosity are essential qualities for the creation of the trusting relationship necessary for the financial planning process. The financial planner shall use a series of questions to collect the following information:

- Family relationships (marital status, marriage or cohabitation contracts, children, parents)
- Work relationships (employer, type of job, self-employment, remuneration, professional goals)
- Place of residence (for how long, rent or own, intentions, mortgage and property taxes)
- Other (health, social activities, hobbies, professional and community involvement)
- Specific constraints (health, mobility, legal)
- Advisors (lawyer, notary, accountant, banker, investment advisor, insurance advisor)
- Goals (dreams, desires, plans)

2.5.3 *Finances*

In examining the client's financial situation, the financial planner shall undertake the following four main analyses:

- Cost of living
- Personal balance sheet
- Debt management
- Investments

Whenever possible, the financial planner shall compare the financial results of several consecutive years, using whatever documentation is available: investment statements, past balance sheets, income tax returns, etc.

The financial planner shall evaluate both the positive aspects (surpluses, growth, progression) and the negative aspects (deficits, losses and regression), identifying possible means of redress and improvement.

2.5.3.1 *Cost of Living Analysis*

The budgetary analysis serves to calculate the client's income and expenses, identify positive or negative gaps, determine the client's capacity for savings, and establish their cost of living. Two methods are presented in Module 1 of the *Collection de l'IQPF* (see also **Appendix IV – Personal Financial Statements, Section B**).

2.5.3.2 *Balance Sheet Analysis*

The balance sheet analysis provides a portrait of the client's overall financial situation, revealing the over- or under-weighting of certain assets classes and giving a general indication of whether the client should pursue a strategy of asset growth or liability reduction. To make the balance sheet easier to read and understand, the categories are divided as follows:

Assets⁸	Liabilities
Cash and near-cash assets	Accounts payable
Registered assets	Personal loans
Income-producing assets	Mortgage loans
Personal assets	

The financial planner shall also write up the notes to the balance sheet. These complementary notes are an integral part of the balance sheet, providing the details and

⁸ Module 4, Chapter 16 of the *Collection de l'IQPF* presents each of these asset classes in detail, along with the assets and liabilities to be included in each.

explanations of each item by category. Every item that is further explained in a note or a table shall indicate the note or table number in the entry.

Each item on the balance sheet should be accompanied by the relevant documentation proving its existence, its estimated present value and the source of the information.

The financial planner shall systematically present the information in the balance sheet in a consistent manner, so that the client's financial progress may be compared from year to year.

2.5.3.3 Debt Management Analysis

Debt management analysis helps the financial planner determine the proportion of short-, medium and long-term debts identified in the balance sheet. It also verifies the weight of the client's debt in comparison to their net worth, categorizes the debt (deductible or not, cost-effective or not, etc.) and establishes the client's debt repayment capacity.

Categorizing each element of the debt allows the financial planner to assess it and propose appropriate alternatives.

2.5.3.4 Investment Analysis

Using all available documentation on the client's investments, the financial planner shall establish the asset allocation of the registered (RRSP), non-registered and combined portfolio, using a minimum of three asset categories:

- Cash and near-cash securities
- Fixed income securities
- Growth securities

The financial planner shall assess the client's current asset allocation and compare it to the client's investor profile. This allocation should meet the following minimum criteria:

- It corresponds to the client's goals
- It corresponds to the client's risk profile
- It is appropriate for the client's investment horizon
- It takes the client's life cycle into account
- It takes the client's income needs into account
- It takes the client's cash needs into account

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2.5.4 Taxes

The financial planner shall consult the client's tax documents in order to:

- Determine the client's marginal and effective tax rates
- Determine the client's taxes payable
- Verify whether the client is using all available deductions and credits
- Verify whether a tax strategy has been adopted

The financial planner shall develop strategies that will allow the client to reduce, divide or defer their tax bill.

2.5.5 Children's Education

Analysing the children's education funding means determining how much money will be needed to finance the studies of each child, identifying any gaps with the current situation, and determining how much must be saved annually to achieve the goal.

The financial planner shall use the following information for the analysis:

- Age of the child(ren)
- Number of years before beginning of studies
- Anticipated cost of studies
- Rate of return
- Inflation rate
- Capital currently available

2.5.6 Retirement

Retirement analysis is certainly one of the most popular types of financial planning. The financial planner must take a multitude of information into consideration in order to properly evaluate the current savings, the projected situation in retirement, and the savings efforts and investment return required to meet the client's retirement goals.

Since the purpose of retirement analysis is to determine whether the client can attain their retirement income goals, the financial planner shall take great care in undertaking the following three steps:

- Calculating desired cost of living or income in retirement
- Evaluating sources of retirement income
- Determining necessary savings

For each of these steps, the financial planner shall estimate the anticipated future income and future capital, based on the client's goals, currently available financial data and realistic

assumptions. It is up to the client to choose the age of retirement and set the desired level of income.

The data required for the analysis are the client's age, the amount of capital already accumulated, income from public and private pension plans and other income. The financial planner will also need certain economic and demographic assumptions.

The economic assumptions include the expected rate of return, inflation rate and tax rates. The demographic assumption concerns life expectancy statistics, which shall be drawn from mortality tables.

The financial planner shall clearly identify each fact and assumption, assign values and present at least two scenarios that illustrate the sensitivity of the projections to the economic and demographic assumptions.

Additional scenarios may be necessary to fully reflect possible variations arising from the various data provided by the client, such as projected income from public and private pension plans. The financial planner shall ensure that the client understands the risk of prematurely depleting retirement capital if the data or assumptions used prove inaccurate.

This method ensures that the client fully appreciates the level of effort required in terms of savings and asset management, the care necessary to achieve the proposed retirement plan and the need to have the plan monitored by a professional.

2.5.7 Estate Planning

Estate planning evaluates the legal, tax and financial impact of the client's death, measures the consequences on the family's general financial situation and proposes strategies for preserving and transferring the family assets according to pre-established goals.

To begin the estate planning process, the financial planner shall draw up the following personal financial statements:

- Estate plan
- Cash position of the estate

After identifying the client's testamentary intentions and wishes, the financial planner shall determine the family's cost of living after the client's death, identify income sources and verify that a valid will exists.

The financial planner shall then determine whether the client's estate is sufficient for the desired legacies, whether the estate's cash position is sufficient to cover debts and other obligations, and whether the financial security of the survivors has been ensured.

PART ONE - GENERAL STANDARDS OF PRACTICE

The financial planner shall also assess the client's need for life insurance, presenting two evaluation scenarios that take the following parameters into account:

- Survivors' cost of living
- Annual income shortfall
- Period of time during which this income will be required
- Presumed interest rate
- Presumed inflation rate
- Taxes owing after death
- Strategies for maintaining the market value of a private company
- Preparations for succession

The financial planner shall draw the client's attention to the difference in life insurance payout required depending on the use or non-use of the capital to provide income.

2.5.8 *Disability Insurance*

Disability insurance analysis explores the risks the client is exposed to through work, age, and personal and family background.

The analysis shall take into consideration two fundamental aspects of disability risk: the probability that a particular event will occur, and the financial consequences of the occurrence of that event.

When the probability is high and the financial pressures exerted on the personal or family cost of living or the balance sheet are high, the financial planner shall inform the client and undertake an in-depth analysis of available risk management options.

The financial planner shall evaluate two specific situations that could generate serious financial consequences for the client: the client's inability to earn employment income due to accident or illness and the effect of health care costs related to such an accident or illness.

The financial planner shall examine the following information:

- Cost of living
- Income-producing assets
- Sources of income

The financial planner shall review existing insurance contracts in order to determine the amount of benefits that will be received, the elimination period and the duration of the benefits.

The financial planner shall also evaluate the effect of additional health care costs and calculate appropriate financial reserves.

2.6 Strategies and Recommendations

The financial planner shall propose recommendations and strategies for each financial planning area, proceeding as follows:

- Restatement of goals
- Findings of the analyses
- Recommendations and strategies for achieving the client's goals

This method allows the client to clearly relate the proposed strategies to the stated goals.

2.6.1 Assumptions Used

All of the following assumptions shall be documented by the financial planner:

- Expected rate of return
- Expected inflation rate
- Expected tax rate
- Stability of client's employment income
- Client's savings capacity
- Life expectancy

2.6.2 Scenarios Presented

In the presentation of projected results and estimates, the financial planner shall present at least two scenarios: a realistic scenario and a pessimistic scenario.

Presenting two different scenarios allows the client to see the effects of variables in the projections, and helps them accurately measure their risk tolerance in relation to their goals.

This method also clearly demonstrates to the client the necessity of periodically evaluating the results of the strategies implemented and highlights the value of the financial planner's advisory role.

2.6.3 Disclaimer

The financial planner shall include the following disclaimer in the report given to the client:

These projections and illustrations are based on the assumptions described above and are provided for information purposes only. Events may not unfold exactly as described due to changes in social, family, economic, financial and legislative conditions or because of the client's own actions.

2.6.4 Documentation

The financial planner shall document the reasons the given assumptions were chosen and used, by describing one or more of the following:

- historic returns for each asset category
- comparison factors and benchmarks
- credible sources of information used

2.7 Drafting the Financial Planning Report

Drafting the financial planning report essentially consists of:

- summarizing the client's financial situation
- summarizing the target goals
- relating the findings of the analyses
- presenting the strategies and recommendations
- proposing an action plan and an implementation schedule

The ultimate goal of the exercise is to help the client better understand their current financial situation and to propose solutions that will help the client achieve the target goals.

Module 1, Section 4.1 of the *Collection de l'IQPF* offers advice on how to draw up the planning report and proposes a simple and effective method for doing so.

2.8 Presenting the Report

In presenting the report to the client, the financial planner shall clearly explain its contents in easily understandable terms. The financial planner shall also be tactful and considerate, to justify and reinforce the client's trust.

The financial planner shall give the client a written report that sets out the conclusions of the exercise and the recommendations proposed for improving the client's finances. The report shall also describe the decisions the client must make and propose a timetable.

2.9 Implementing the Plan

The financial planner shall create a list of the main recommendations and strategies proposed, along with a description of the consequences of their non-implementation. Once the decisions are made, the financial planner and the client together shall determine who will be responsible for carrying out each action, the role of each player in the implementation of the decisions, and a timetable for execution.

2.10 Monitoring the Plan

The financial planner shall arrange with the client to periodically review the financial plan. This revision will enable the financial planner to identify the effects of the proposed recommendations, measure progress toward the goals and suggest any necessary adjustments.

PART TWO

SPECIFIC STANDARDS

1. TECHNICAL COMPETENCIES

A professional financial planner must possess a high degree of professional competency. The IQPF has established a list of criteria to assess the required level of competency.

Although it is not expected that all financial planners be experts in every aspect of personal financial planning, it is our firm conviction that in order to respond to the evolving expectations of this complex market, all financial planners need knowledge and understanding of certain subjects in every financial planning area.

Part Two of this guide provides a description of the basic elements of competency in each financial planning area, an evaluation of their importance in the financial planner's general knowledge base, and an indication of the relative level of skill expected from financial planners in the exercise of the profession.

2. DEGREE OF IMPORTANCE AND SKILL LEVEL

This section establishes and describes four degrees of importance for each element of competency – **essential**, **very important**, **important** and **useful**. This measurement identifies the degree of importance of the subject in the overall knowledge of the practising financial planner:

- **essential** signifies that this competency is indispensable to the financial planner's overall knowledge
- **very important** signifies that this competency is of utmost importance to the financial planner's overall knowledge
- **important** signifies that this competency plays a significant role in the financial planner's overall knowledge
- **useful** signifies that this competency may be helpful to the financial planner's overall knowledge

We have also identified three levels of skill for each competency: **proficiency**, **advanced understanding** and **basic understanding**. This level of skill illustrates the depths of knowledge and understanding of the subject that the financial planner shall possess:

- **proficiency** signifies being able to recommend and implement solutions
- **advanced understanding** signifies being able to evaluate and analyse the situation
- **basic understanding** signifies being able to describe the situation

Together these two units of evaluation define the technical competencies to be acquired and rate their importance in the unique body of knowledge the financial planner relies on in the exercise of the profession.

2.1 Finance

2.1.1 *Personal Balance Sheet and Adjoining Notes*

The financial planner shall be able to draw up a personal balance sheet for the client and write the related notes. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 1, Module 4, Chapter 16).

2.1.2 *Methods of Asset Evaluation*

The financial planner shall be able to identify the asset evaluation methods used in the balance sheet. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 1, Module 4, Chapter 16).

2.1.3 *Cost of Living*

The financial planner shall be able to establish the client's cost of living. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 1, Module 4, Chapter 16).

2.1.4 *Changes in Net Worth*

The financial planner shall be able to calculate changes in the client's net worth. This competency is judged to be **useful** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 4, Chapter 16).

2.1.5 *Changes in Cash Situation*

The financial planner must be able to calculate changes in the client's cash situation. This competency is judged to be **important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 4, Chapter 16).

PART TWO - SPECIFIC STANDARDS

2.1.6 *Personal Credit and Mortgages*

The financial planner shall know and understand the components of personal credit and mortgages. This competency is judged to be **important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 4, Chapter 17).

2.1.7 *Personal Financial Statements*

The financial planner shall be able to analyse the client's personal financial statements. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 1, Module 4, Chapter 18).

2.1.8 *Financial Calculations*

The financial planner shall be able to carry out the financial calculations required to evaluate the client's financial situation. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 4, Chapter 22).

2.2 **Taxes**

2.2.1 *Principles of Taxation in Quebec and Canada*

The financial planner shall know and understand the principles of taxation in Quebec and Canada. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 1).

2.2.2 *Income Tax*

The financial planner shall know and understand the rules concerning income tax, types of income subject to taxation, and types of income exempt from taxation. This competency is judged to be **important** and requires **basic understanding** (see the *Collection de l' IQPF*, Volume 2, Module 5, Chapter 2).

2.2.3 *Deferred Tax Income*

The financial planner shall know and understand the different types of deferred tax income and the conditions permitting this deferral. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 3).

2.2.4 Income Categories

The financial planner shall know and understand the various categories of income. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 5).

2.2.5 Deductible Expenses and Tax Credits

The financial planner shall know and understand expenses that are deductible against income, tax credits and their particularities. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 6).

2.2.6 Tax Shelters

The financial planner shall know and understand tax shelters, their features and use. This competency is judged to be **very important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 7).

2.2.7 Tax Planning Techniques

The financial planner shall know and understand the technical principles of tax planning (deduct, divide and defer) and their use. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapters 9, 10 and 11).

2.2.8 Income Splitting

The financial planner shall know and understand the rules that apply to income splitting. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 9).

2.2.9 Charitable Donations

The financial planner shall know and understand the rules that apply to charitable donations. This competency is judged to be **very important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 8).

PART TWO - SPECIFIC STANDARDS

2.2.10 Deferred Income Plans

The financial planner shall know and understand the rules related to deferred income plans (RRSPs, RRIFs, etc.). This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 10).

2.2.11 Other Income Deferral Techniques

The financial planner shall know and understand the other income deferral techniques. This competency is judged to be **important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 11).

2.2.12 Inter vivos Transfers

The financial planner shall know and understand the rules concerning the inter vivos transfer of assets and their consequences. This competency is judged to be **important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapters 12 and 13).

2.2.13 Tax Effects of Family Relations

The financial planner shall know and understand the tax effects of family relations. This competency is judged to be **important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 9).

2.2.14 Taxation of Shareholder Officers

The financial planner shall know and understand the basic rules regulating the taxation of a shareholder officer of a corporation. This competency is judged to be **useful** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 24).

2.2.15 Corporate Taxation

The financial planner shall know and understand the basics of corporate taxation. This competency is judged to be **useful** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 16).

2.3 Legal Aspects

2.3.1 *Basic Legal Situation*

The financial planner shall know and understand the client's basic legal situation and its consequences. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 2).

2.3.2 *Marital Status*

The financial planner shall know and understand the main aspects of the client's marital status. This competency is judged to be **very important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 2).

2.3.3 *Family Patrimony*

The financial planner shall know and understand the basic rules concerning family patrimony and their effects. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 2).

2.3.4 *Matrimonial Regimes*

The financial planner shall know and understand the rudiments of the various matrimonial regimes. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 2).

2.3.5 *Marriage and Civil Union*

The financial planner shall know and understand the main rights arising from marriage and civil union. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 2).

2.3.6 *Marriage outside of Quebec*

The financial planner shall know and understand the rules relating to marriage outside of Quebec and their consequences. This competency is judged to be **very important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 2).

PART TWO - SPECIFIC STANDARDS

2.3.7 Administration of Property Belonging to Others

The financial planner shall know and understand the basic principles concerning the administration of property belonging to others. This competency is judged to be **very important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 2).

2.3.8 Minority Rules

The financial planner shall know and understand the basic rules concerning minority and their consequences. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 2).

2.3.9 Mandate in Case of Incapacity

The financial planner shall know and understand the basic components of Mandates in Case of Incapacity and their effects. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 2).

2.3.10 Legal Limits of Mandates and General Powers of Attorney

The financial planner shall know and understand the legal limits of Mandates in Case of Incapacity and General Powers of Attorney. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 2).

2.3.11 Legal Forms of Business

The financial planner shall know and understand the main legal forms of business. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 3).

2.3.12 Corporations

The financial planner shall know and understand the general operations of a corporation and its components. This competency is judged to be **very important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 3).

2.3.13 Shareholders' Agreements

The financial planner shall know and understand the main purposes of using a shareholders' agreement. This competency is judged to be **very important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 3).

2.3.14 Provisions and Clauses

The financial planner shall know and understand the main provisions of shareholders' agreements. This competency is judged to be **very important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 3).

2.3.15 Inter vivos Trusts

The financial planner shall know and understand the main features of inter vivos trusts and their use. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 3).

2.4 Succession

2.4.1 Testamentary Transfer of Assets

The financial planner shall know and understand the basic rules concerning the testamentary transfer of assets. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 4).

2.4.2 Devolution by Law

The financial planner shall know and understand the basic rules concerning devolution by law under the Quebec Civil Code. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 4).

2.4.3 Designation of Beneficiaries

The financial planner shall know and understand the effects of designating the beneficiaries of the assets of an estate. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 4).

PART TWO - SPECIFIC STANDARDS

2.4.4 *Wills*

The financial planner shall know and understand the various forms of wills and their main components. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 4).

2.4.5 *Role of the Executor*

The financial planner shall know and understand the role of the executor of the estate. This competency is judged to be **important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 4).

2.4.6 *Administration of an Estate*

The financial planner shall know and understand the basic operations and responsibilities involved in the administration of an estate. This competency is judged to be **important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 4).

2.4.7 *Trusts*

The financial planner shall know and understand the basic rules and features of trusts. This competency is judged to be **important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 4).

2.4.8 *Taxes on Death*

The financial planner shall know and understand the tax rules related to death and their consequences. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 14).

2.4.9 *Deemed Disposition*

The financial planner shall know and understand the rules related to deemed disposition of assets and their consequences. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 5, Chapter 14).

2.4.10 Testamentary Trusts

The financial planner shall know and understand the purpose of using a testamentary trust. This competency is judged to be **very important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 2, Chapter 4).

2.5 Investments

2.5.1 Risk and Return

The financial planner shall know and understand the relationship that exists between risk and return on an investment. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 6, Chapter 2).

2.5.2 Diversification

The financial planner shall know and understand the principles of diversification and their effects. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 6, Chapter 2).

2.5.3 Economic Cycle

The financial planner shall know and understand the principles of the economic cycle. This competency is judged to be **important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 2, Module 6, Chapter 3).

2.5.4 Investor Profile

The financial planner shall be able to establish the client's investor profile. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 6, Chapter 5).

2.5.5 Portfolio Management

The financial planner shall know and understand portfolio management strategies. This competency is judged to be **important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 2, Module 6, Chapter 5).

PART TWO - SPECIFIC STANDARDS

2.5.6 *Investment Policies*

The financial planner shall be able to develop an investment policy for the client. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 6, Chapter 5).

2.5.7 *Portfolio Analysis*

The financial planner shall be able to analyse the client's investment portfolio. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 6, Chapter 5).

2.5.8 *Decision-making Process*

The financial planner shall know and understand the decision-making process for investment selection. This competency is judged to be **important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 2, Module 6, Chapter 5).

2.5.9 *Investment Efficiency and Asset Allocation*

The financial planner shall know and understand the principles of investment efficiency and asset allocation. This competency is judged to be **important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 2, Module 6, Chapter 5).

2.5.10 *Taxation of Investments*

The financial planner shall know and understand the tax effects of investment. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 6, Chapter 2).

2.6 Retirement

2.6.1 *Retirement Planning*

The financial planner shall know and understand the importance of financial planning for retirement. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 1).

2.6.2 *Economic Factors*

The financial planner shall know and understand the economic and financial factors related to retirement. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 2).

2.6.3 *Public Retirement Plans*

The financial planner shall know and understand the features of public retirement plans. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 4).

2.6.4 *Registered Retirement Plans (RPPs)*

The financial planner shall know and understand the basic rules concerning private employer retirement plans and the different types of plans. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 5).

2.6.5 *Participation Limits*

The financial planner shall know and understand annual participation and contribution limits for public, private and individual retirement plans. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 5).

2.6.6 *Registered Retirement Savings Plans*

The financial planner shall know and understand the rules that apply to registered retirement savings plans (RRSPs, LIRAs, Locked-in RRSPs), their applications, the eligibility conditions, etc. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 6).

2.6.7 *Registered Retirement Income Funds*

The financial planner shall know and understand the rules that apply to registered retirement income funds (RRIFs, LIFs and annuities) and their effects. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 6).

PART TWO - SPECIFIC STANDARDS

2.6.8 *Provincial and Federal Retirement Plan Laws*

The financial planner shall know and understand the basic principles of retirement plans and their application. This competency is judged to be **very important** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapters 4 and 5).

2.6.9 *Member Benefits and Payment of Early Benefits*

The financial planner shall know and understand the basic rules of member benefits and payment of early benefits. This competency is judged to be **important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 5).

2.6.10 *Value of RPP Benefits and Purchase of Prior Service*

The financial planner shall know and understand the basic rules involving the evaluation of RPP benefits and the purchase of prior service. This competency is judged to be **important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 5).

2.6.11 *Other Accumulation Strategies*

The financial planner shall know and understand the other accumulation strategies for retirement income. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 8).

2.6.12 *Retirement Goals*

The financial planner shall be able to identify the client's retirement goals. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 7).

2.6.13 *Sources of Retirement Income*

The financial planner shall be able to identify the client's sources of retirement income. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 7).

2.6.14 Retirement Calculations

The financial planner shall be able to undertake the various calculations required to determine the client's income needs in retirement. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 7).

2.6.15 Accumulation Scenarios for Retirement

The financial planner shall be able to present savings and accumulation scenarios that allow the client to attain their retirement goals. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 2, Module 7, Chapter 8).

2.7 Insurance and Risk Management

2.7.1 General Principles

The financial planner shall know and understand the general principles of insurance and of the insurance of individuals in particular. This competency is judged to be **essential** and requires the financial planner to demonstrate **proficiency** (see the *Collection de l'IQPF*, Volume 1, Module 3, Chapters 1 to 4).

2.7.2 Living Benefits

The financial planner shall know and understand the main features and differences of insurance plans that offer living benefits to the insured. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 3, Chapter 5).

2.7.3 Death Benefits

The financial planner shall know and understand the main features and differences of insurance plans that offer death benefits to the insured. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 3, Chapter 6).

PART TWO - SPECIFIC STANDARDS

2.7.4 Risk Evaluation

The financial planner shall be able to evaluate the probability of accident, illness and death and to measure the consequences. This competency is judged to be **important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 1, Module 3, Chapter 1).

2.7.5 Selection Process

The financial planner shall know and understand the rudiments of the insurers' selection process. This competency is judged to be **important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 1, Module 3, Chapter 5).

2.7.6 Taxation of Insurance

The financial planner shall know and understand the main rules related to the taxation of insurance policies, especially universal life insurance policies. This competency is judged to be **important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 1, Module 3, Chapter 6).

2.7.7 Public Insurance Plans

The financial planner shall know and understand the basic components of the public insurance plans. This competency is judged to be **important** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 1, Module 3, Chapter 4).

2.7.8 Designation of Beneficiaries

The financial planner shall know and understand the basic process for designating beneficiaries and its effects. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 3, Chapter 3).

2.7.9 Estate Plan and Calculation of the Cash Position of the Estate

The financial planner shall be able to draw up an Estate Plan and a Statement of the Cash Position of the Estate for the client. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 4, Chapter 16).

2.7.10 Evaluation of Insurance Needs

The financial planner shall be able to evaluate the life and health insurance needs of the client. This competency is judged to be **essential** and requires **advanced understanding** (see the *Collection de l'IQPF*, Volume 1, Module 3, Chapter 6).

2.7.11 Advanced Insurance Techniques

The financial planner shall know and understand the main uses of insurance in the context of estate creation and asset preservation for an individual or a company. This competency is judged to be **useful** and requires **basic understanding** (see the *Collection de l'IQPF*, Volume 1, Module 3, Chapter 6).

PART THREE

ETHICAL STANDARDS

1. INTRODUCTION

Financial planning professionals have special knowledge that gives them rights and privileges in today's society.

With these rights and privileges comes a set of rules, duties and obligations that financial planners must adhere to in the interests of protecting the public.

The public expects professionals to demonstrate competency and integrity, to respect their confidentiality, and to be dignified, moderate and open in their actions.

The third component of this guide is a set of ethical standards that relate to the “soft skills” needed to be a financial planner. These ethical standards do not replace the Code of Ethics of the *Chambre de la sécurité financière* (included in the appendix to Part Three of this guide) which applies to all financial services representatives as defined under the *Act Respecting the Distribution of Financial Products and Services* (L.R.Q., c. D-9.2), including financial planners. Rather, our ethical standards are a set of principles that guide the profession and provide the foundation upon which financial planners base their activities and their conduct. These ethical standards may in the future be used to create a Code of Ethics specific to financial planners in Quebec.

Adherence to these ethical standards provides additional insurance for the public concerning the quality of professional services provided by financial planners.

1. GUIDING PRINCIPLES

The term professionalism is used to describe those skills, attitudes and behaviours that we have come to expect from individuals during the practice of their profession, including concepts such as maintenance of competence, ethical behaviour, integrity, honesty, altruism, service to others, adherence to professional codes, justice, respect for others, self-regulation, etc.⁹

Below is a list of the eight guiding principles that should guide the conduct of financial planners. This list presents a definition of the guiding principles that is neither exclusive nor exhaustive. Each of the stated principles is subject to the interpretation of competent disciplinary proceedings and may be modified through periodic revisions.

⁹ ROYAL COLLEGE OF PHYSICIANS AND SURGEONS OF CANADA, *Professional Role Document*, Ottawa, 2000.

Principle 1: Integrity

Personal and professional integrity are the foundation for public confidence in financial planners.

The level of confidence and mutual cooperation required for financial planning is based above all on the overall reputation of the profession.

Integrity means rigorous adherence to the moral rules and duties imposed by honesty and justice. Financial planners shall avoid harmful action that could lead to disciplinary sanctions as well as legal redress.

Principle 2: Competency

In the financial planning context, competency is the set of knowledge and skills judiciously used in the provision of personal financial planning advisory services. Financial planners shall bear in mind the duty to protect their clients while offering them the benefit of their expertise. Financial planners shall ensure that their clients are given all information that could have an impact on the goals they are pursuing.

Financial planners shall avoid giving advice if they do not have the tools or resources required to justify it. Since financial planning is by definition a multidisciplinary activity, financial planners must recognize their own limits and consult experts wherever necessary.

Competency also requires active skill maintenance and professional development to fulfil clients' needs and remain at the leading edge of changes in the field of financial planning.

Principle 3: Confidentiality

The confidential relationship between the financial planner and the client must be based on the conviction that all personal information gathered will be kept confidential and securely.

Financial planners shall be responsible for maintaining the confidentiality of their clients' information. Financial planners shall use appropriate means and methods to ensure no one gains unauthorized access to their clients' confidential information.

Principle 4: Client's Interest and Disclosure

The role of the financial planner is to guide and inform the client through objective professional judgment, always keeping the client's interest first and foremost. Financial planners shall demonstrate objectivity in giving advice or information and avoid situations of conflict of interest between themselves and their clients.

PART THREE - ETHICAL STANDARDS

Financial planners must disclose to the client, fully and objectively, any situation that may create a conflict of interest, as well as any advantages and disadvantages of each of the proposed alternatives, so the client can make an informed choice.

Principle 5: Dignity

A financial planner's conduct must inspire confidence and respect from the clients and the community. That is why it is essential for financial planners to seize every opportunity to demonstrate dignity, moderation and sobriety and to avoid any conduct to the contrary.

Financial planners make themselves worthy of the greatest confidence when they contribute both to the development of their own financial planning expertise and to the maintenance of the profession's credibility by helping inform and educate the public. Informing and educating the public helps to broaden the base of clients likely to use financial planning services in the future.

Principle 6: Diligence

Diligence is the degree of care and prudence expected from financial planners in the handling of their clients' affairs. Financial planners shall act without delay or negligence in the execution of their engagement. The courts have often ruled that a lack of diligence on the part of a professional constitutes a serious breach in the obligation to protect the client.

Financial planners shall keep their clients informed about the progress of the work, thereby accomplishing the double goal of fulfilling their ethical obligation and maintaining the close client relations required to implement recommendations.

Principle 7: Prudence

Financial planners shall carefully reflect on the scope and consequences of their actions, taking firm measures to avoid mistakes or futile risks.

This prudent attitude is the duty of conscientious financial planners and it proves the respect with which they handle their clients' affairs.

Principle 8: Adherence to Existing Laws and Regulations

As professionals before the law, financial planners shall not avoid the civil and professional responsibilities arising from the execution of an engagement. In the broader sense, financial planners shall adhere to existing governmental, professional and judicial laws and regulations.

This presupposes knowledge of the various regulations applicable to the provision of consulting services and the responsibilities and obligations arising from those regulations.

APPENDIX

Code of Ethics of the Chambre de la sécurité financière
D. 1039-99, (1999) 131 G.O. II, 4135 [R.R.Q., 1981, c. D-9.2, r. 1.01]

An Act respecting the distribution of financial products and services
[1998, c. 37, s. 313, 1st par., s-par. (1)]

Division 1

GENERAL PROVISIONS

1. This Regulation aims at promoting the protection of the public and the honest and competent practice of representatives.
2. This Regulation applies to all representatives in insurance of persons, all group insurance representatives and all financial planners regardless of the classes of sectors in which they practise.
3. A representative must ensure that his employees or mandataries comply with the provisions of this Regulation, and those of *An Act respecting the distribution of financial products and services* (1998, c. 37) and the regulations adopted thereunder.

Division 2

DUTIES AND OBLIGATIONS TOWARDS THE PUBLIC

4. A representative must promote improvement of the quality and availability of the services that he offers to the public.
5. A representative must promote measures designed to provide education and information in the field in which he practises.
6. The conduct of a representative must be characterized by dignity, discretion, objectivity and moderation.
7. A representative must refrain from practising in conditions or in a state liable to compromise the quality of his services.
8. A representative must refrain from persistently or repeatedly urging a person to use his professional services or purchase a product.

Division 3

DUTIES AND OBLIGATIONS TOWARDS CLIENTS

9. In the practice of his profession, a representative must take into account the limits of his knowledge and the means available to him. He must not undertake or continue a

mandate for which he is not sufficiently prepared without obtaining the necessary assistance.

10. A representative must not make any false representations as to his level of competence or the quality of his services, or those of his firm or his independent partnership.
11. A representative must practice with integrity.
12. A representative must act towards his client or any potential client with integrity and as a conscientious adviser, giving him all the information that may be necessary or useful. He must take reasonable steps so as to advise his client properly.
13. A representative must fully and objectively explain to his client or any potential client the type, advantages and disadvantages of the product or service that he is proposing to him and must refrain from giving information that may be inaccurate or incomplete.
14. A representative must provide his client or any potential client with the explanations the client needs to understand and evaluate the product or services that he is proposing or that he provides to the client.
15. Before providing information or making a recommendation to his client or to any potential client, a representative must seek to have a complete understanding of the facts.
16. No representative may, by whatever means, make statements that are incomplete, false, deceptive or liable to mislead.
17. A representative may not appropriate, for personal purposes, sums of money entrusted to him or securities belonging to his clients or to any other individual and of which he has custody.
18. A representative must, in the practice of his profession, always remain independent and avoid any conflict of interest.
19. A representative must subordinate his personal interests to those of his client or any potential client. Without limiting the generality of the foregoing, the representative:
 - (1) may not advise a client to invest in a legal person, partnership or property in which he has, directly or indirectly, a significant interest;
 - (2) may not conduct any transaction or enter into any agreement or contract whatsoever with a client who, manifestly, is unable to manage his affairs, unless the decisions to conduct these transactions or enter into these agreements or contracts are made by persons who may legally decide in lieu of this client;

PART THREE - ETHICAL STANDARDS

- (3) may not conduct any transaction or enter into any agreement or contract whatsoever in the capacity of representative with respect to a client for whom he acts as dative tutor, curator or adviser within the meaning of the *Civil Code*.
20. A representative must be objective when his client or any potential client asks him for information. He must express opinions and make recommendations objectively and impartially, without considering his personal interest.
21. A representative must ignore any intervention by a third party that could influence the way in which he performs the duties related to his practice to the detriment of his client or any potential client.
22. A representative must not pay or undertake to pay to a person who is not a representative any compensation, any remuneration or any other advantage, except where permitted by *An Act respecting the distribution of financial products and services*.
23. A representative must demonstrate availability and diligence with respect to his client or any potential client.
24. A representative must report to his client on any mandate given to him and must carry out the mandate diligently.
25. In the practice of his profession, a representative must not, through dishonesty, fraud, trickery or other deceitful means, avoid or attempt to avoid his professional civil liability or that of the firm or independent partnership in which he practices.
26. A representative must respect the secrecy of any personal information that he obtains about a client and only use that information for the purposes for which it was obtained, unless he is relieved of that obligation by a provision of a law or by order of a competent court.
27. A representative must not disclose personal or confidential information that he obtained, except in accordance with the provisions of the Act, and must not use that information to the detriment of his client or to obtain an advantage for himself or for another person.
28. A representative must not dissuade his client or any potential client from consulting another representative or another person of his choosing.
29. A representative must promptly give to his client, or to any person his client designates, the books and documents belonging to the client, even though the latter owes him monies.

Division 4

DUTIES AND OBLIGATIONS TOWARD OTHER REPRESENTATIVE, FIRMS, INDEPENDENT PARTNERSHIPS, INSURERS AND FINANCIAL INSTITUTIONS

30. A representative must not, directly or indirectly, make comments of any kind which are false, inaccurate or incomplete about another representative, a firm, an independent partnership, an insurer, a financial institution or one of their representatives, products or services.
31. A representative must use fair methods of competition and solicitation.
32. A representative must not denigrate, belittle or discredit another representative, a firm, an independent partnership, an insurer or a financial institution.

Division 5

DUTIES AND OBLIGATIONS TOWARDS INSURERS

33. A representative must not fail to pay an insurer, upon request or within the prescribed time, the sums of money that he has collected on its behalf.
34. A representative must give insurers the information that it is common practice for him to provide.

Division 6

DUTIES AND OBLIGATIONS TOWARDS THE PROFESSION

35. A representative must not practice dishonestly or negligently.
36. A representative must not, directly or indirectly, without the knowledge of the insurer, give a discount on a premium stipulated in an insurance contract or agree to a premium payment method different from the one provided for in the contract.
37. A representative must not, directly or indirectly, pay a person to act in the capacity of representative if that person does not hold a certificate.
38. A representative must not accept payment from a person who does not hold a certificate and who acts or attempts to act as a representative through a representative who holds a certificate.
39. Subject to the provisions of the Act, a representative must not receive or arrange to receive payment from a person other than the person who retained his services.
40. A representative must not share his commission, except within the limits permitted by the Act.

PART THREE - ETHICAL STANDARDS

41. A representative must not promise or pay compensation, in any form whatsoever, for his services to be retained.
42. A representative must, without delay, reply in full and courteously to any correspondence from the syndic, the co-syndic, an assistant of the syndic, an assistant of the co-syndic or a member of their staff acting in their capacity.
43. A representative must, in particular, appear before the syndic, the co-syndic, an assistant of the syndic, an assistant of the co-syndic or a member of their staff as soon as he is required to do so.
44. A representative must not interfere with the work of the Bureau, the Chamber or one of its committees, the syndic, an assistant of the syndic, the co-syndic, an assistant of the co-syndic or a member of their staff or an officer of the Chamber.
45. A representative must inform the Bureau when he has reasonable grounds to believe that another representative is unfit to practise in this capacity, is practising incompetently or dishonestly, or is contravening the provisions of this Act and its regulations.
46. A representative who is informed that the syndic, the co-syndic, an assistant of the syndic or an assistant of the co-syndic is conducting an inquiry into his professional competence or conduct, or that a disciplinary complaint has been served on him pursuant to section 132 of the *Professional Code* (R.S.Q., c. C-26) must not communicate with the person who requested the holding of the inquiry nor with the witnesses who have been summoned for the complainant in accordance with section 146 of this code, except with prior written permission from the syndic, the co-syndic, an assistant of the syndic or an assistant of the co-syndic.

Division 7

GRAPHIC SYMBOL

47. If a representative uses the graphic symbol of the Chamber for publications or advertisements of any kind, he must make sure that it is in conformity with the original held by the secretary of the Chamber.
48. Where a representative uses the graphic symbol of the Chamber for advertising purposes, other than on a business card, he shall include the following warning in the advertisement: "This advertisement does not originate from the *Chambre de la sécurité financière* and does not commit its liability."

Division 8

SPECIFIC PROVISIONS APPLICABLE TO FINANCIAL PLANNERS

49. This Division applies only to a representative who is entitled to use the title of financial planner or a similar title in accordance with *An Act respecting the distribution of financial products and services* and its regulations.
50. When soliciting clients, a representative must avoid using methods that would have the effect, in particular, of emphasizing a specific aspect of financial planning in order to unduly attract the attention of a potential client.
51. A representative must refrain from:
 - (1) out of malice, making an unfounded accusation against another representative, a firm or an independent partnership;
 - (2) directly or indirectly paying a person who is not legally entitled to use the title of financial planner to act in that capacity or to use that title;
 - (3) directly or indirectly accepting or receiving payment from a person who is not legally authorized to use the title of financial planner and who acts or attempts to act in that capacity;
 - (4) not informing his client as soon as he is aware of a problem that will prevent him from continuing with his mandate.
52. [Omitted.]

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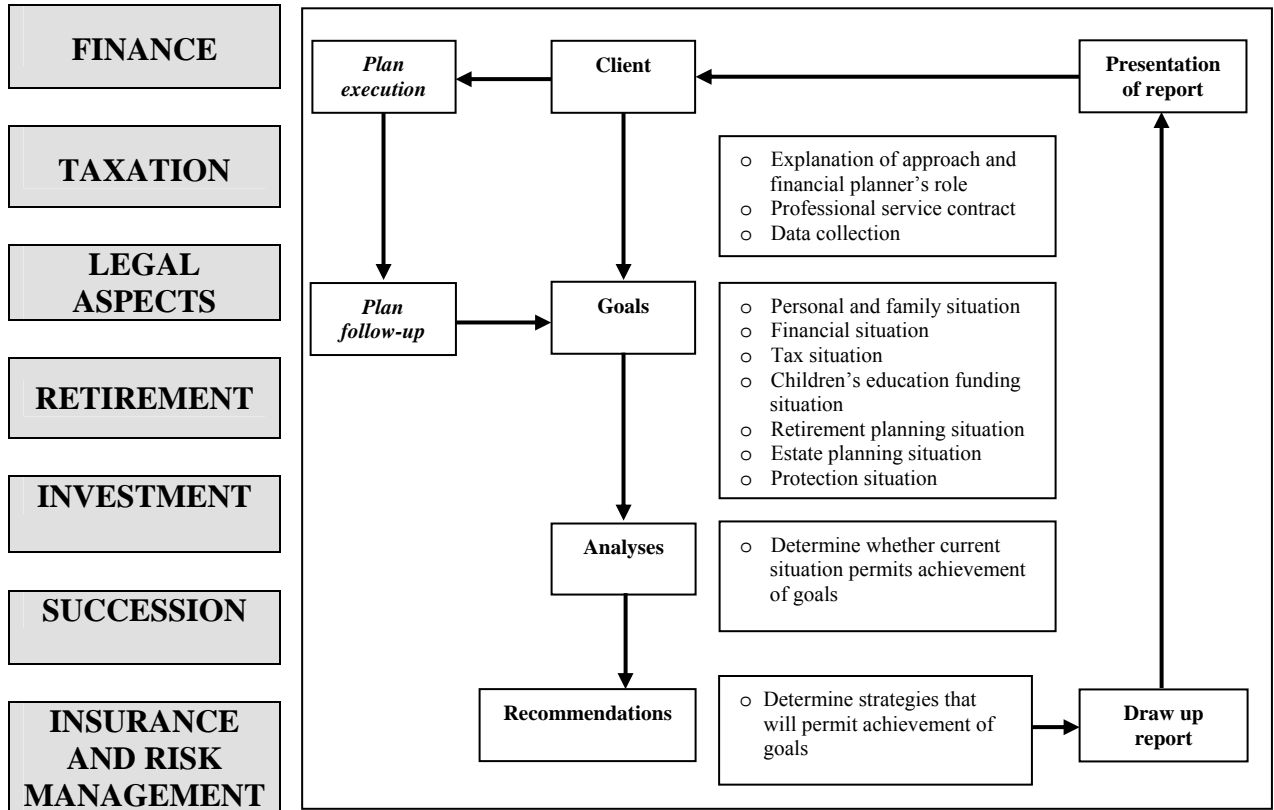
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APPENDIX I

DIAGRAM OF THE IPFP APPROACH



APPENDIX II

PROFESSIONAL SERVICE CONTRACT AND NOTICE OF DISCLOSURE

A) PROFESSIONAL SERVICE CONTRACT

City, Date

To: Client

RE: FINANCIAL PLANNING ENGAGEMENT

File no. _____

Dear _____,

Further to our meeting on _____, we/I would like to offer you our/my services to draw up an integrated personal financial plan and develop an action plan and recommendations to help you attain your financial goals.

Our analysis will focus on the following areas:

1. Personal and family situation
2. Financial situation
3. Tax planning
 - Review of income tax returns
4. Children's education funding
5. Retirement planning
 - Retirement needs, income objectives and savings capacity
 - Feasibility of retirement plans
6. Estate planning
 - Development of an estate plan and statement of cash position for the estate

- Establishment of financial needs at death

7. Insurance

- Review of current protection and determination of additional needs

For each of the areas above, we will take into consideration the financial, accounting and taxation consequences of both your current situation and our recommendations.

CONSIDERATION:

We/I estimate that the execution of this mandate will take _____ hours. Our/my hourly rate is \$ _____ .

To this fee will be added applicable taxes (GST, QST) and any fees and expenses incurred.

You will be asked to make a down payment of _____ dollars, which will be deducted from the final bill, due 30 days after submission of the final invoice.

You may terminate this service contract at any time, but you must agree to reimburse us for all work undertaken and any expenses incurred.

FEES AND CONDITIONS:

As your financial planner(s), we/I agree to provide you with a written report covering all of the areas listed above, accompanied by any applicable charts and tables illustrating the analysis and recommendations.

We/I will keep you informed of our progress in the development of the plan, and a final report will be submitted to you sometime around the _____. If additional work is required, you will be informed and additional fees may be charged.

You should understand that the report provided may require regular updating, the fees for which would be the subject of a later agreement.

In order to facilitate the analysis, you will agree to answer a questionnaire and provide all necessary documentation, whether you yourself have this documentation or it must be obtained from third parties. To this end, you agree to sign a letter of authorization permitting us/me to obtain information directly from third parties. The information obtained in this way will remain wholly confidential at all times and will be used only in the completion of this mandate.

Our/my responsibility is limited by the documentation provided. Our/my recommendations can only be held valid if social, family, economic and stock market conditions remain unchanged and if current laws remain in effect.

The implementation of the recommendations suggested in the report may require the services of specialists, whose fees will be charged over and above our/my own. You will also be charged for our co-ordination of the services of the various specialists retained.

Sincerely,

Financial planner

I, the undersigned, accept the terms of this service contract and agree to respect all the obligations described in it.

Signed at _____, this ____ day of _____, _____

Client

Note: If remuneration is based on commissions for financial products sold, this must be clearly indicated. In case the contract is terminated, an alternate form of remuneration, such as an hourly rate, should be suggested.

B) DISCLOSURE NOTICE

Financial planning service

You have entrusted us with the task of drawing up an integrated financial plan for your situation. In compliance with the *Regulation respecting the pursuit of activities as a representative*, we wish to provide you with the following information:

1. AMF certificate number:

- The number on my certificate is _____
- I am exempted by my professional order from requiring a certificate.

2. My AMF certificate is related to the following disciplines:

- a) Financial planning
- b) Personal insurance (life and/or accident and illness)
- c) Group insurance and annuities
- d) Property insurance:
 - Agent
 - Broker
- e) Adjuster
- f) Group savings broker
- g) Investment contract broker
- h) Educational savings plans broker

3. I am a member of the following professional orders or organizations:

- Chartered administrators
- Quebec bar
- Chartered accountants
- Certified general accountant
- Chartered management accountant
- Chambre des notaires du Québec
- Chambre de la sécurité financière
- Institut québécois de planification financière

4. I practise the disciplines mentioned above as:

	Name of firm	Category (a to h)
<input type="checkbox"/> Independent	_____	_____
<input type="checkbox"/> Associate	_____	_____
<input type="checkbox"/> Employee	_____	_____

5. My firm or I will be paid for the preparation of your financial plan and its application in services or financial products as follows:

- Fees
- Salary
- Fees and commissions
- Commissions

6. I am covered by civil liability for the disciplines indicated below (a to h) by:

Discipline	Insurer	Policy
_____	_____	_____
_____	_____	_____
_____	_____	_____

DECLARATION OF THE FINANCIAL PLANNER

I, _____, the undersigned, hereby declare that all the above information is complete and accurate. I agree to inform my client of any changes to my situation.

Signed in _____, this _____ day of _____.

(Financial planner's signature)

DECLARATION OF THE CLIENT

I, _____, the undersigned, hereby declare that I have read this disclosure notice and am fully satisfied.

Signed in _____, this _____ day of _____.

(Client's signature)

APPENDIX III

CLIENT FILE

A) CREATING A CLIENT FILE

As professionals, financial planners must be able to document all of their recommendations. Since these recommendations are based on extensive information and documentation, client files must be very robust. For the sake of simplicity, it is suggested that you create, for each client:

- a permanent file
- a current file

The chart below provides an overview of the main information that these two types of file should contain.

FILE CONTENTS	
Permanent file	Working file
<p><i>General information</i></p> <p>Information about the client's family List of financial documents List of financial advisors</p> <p><i>Family documents</i></p> <p>Marriage contract Copy of divorce or separation agreement or both Wills</p> <ul style="list-style-type: none"> • Client • Spouse <p>Mandate in case of incapacity</p> <ul style="list-style-type: none"> • Client • Spouse <p>Cohabitation agreement</p> <p><i>Financial documents</i></p> <p>Personal balance sheet (last 3 years). Present the balance sheet in the same way every year to facilitate comparison Income tax returns (last 3 years)</p> <ul style="list-style-type: none"> • Client • Spouse 	<p><i>General</i></p> <p>Financial planner's notes Points for further consideration</p> <p><i>Administration</i></p> <p>Professional service contract Service offers Letter of authorization List of documents</p>

Permanent file**Working file**

Corporate or business documents

Company statutes
Excerpts from the corporate minutes book
Shareholders' agreement
Company's financial statements (last 3 years)
Company's income tax returns (last 3 years)
Partnership agreement, etc.

In addition, the current file should contain information on each of the following situations:

- personal and family situation
- financial situation
- tax situation
- children's education funding situation
- retirement planning situation
- estate planning situation
- protection situation

Each of these situations should be presented with the help of a full personal financial planning report. More specifically, the information on these situations should include the following:

- results of data collection questionnaire and related forms
- client's goals
- analysis of the client's situation and related forms
- recommendations and related forms

Appendix III – Client file

B) DATA COLLECTION QUESTIONNAIRE

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PERSONAL FINANCIAL PLANNING QUESTIONNAIRE*

Confidential information

File number: _____

Client name: _____

Questionnaire completed: _____

Updated: _____

Financial planner: _____

* Sources: IQPF and Henri Gagnon, C.A., F.Pl.

SECTION 1: PERSONAL INFORMATION

Residence and Employment

Client

Mr. Ms.

Spouse

Mr. Ms.

_____ first name last name _____ first name last name

Address: _____

Since: _____

_____ (dd) (mm) (yyyy)

Date of birth:

_____ (dd) (mm) (yyyy)

Date of birth:

_____ (dd) (mm) (yyyy)

SIN: _____

SIN: _____

Home phone: ()

Home phone: ()

Business phone: ()

Business phone: ()

Cell phone: ()

Cell phone: ()

Fax: ()

Fax: ()

Email: _____

Email: _____

employer self-employed retired

employer self-employed retired

Name: _____

Name: _____

Address: _____

Address: _____

since: _____

since: _____

_____ (dd) (mm) (yyyy)

_____ (dd) (mm) (yyyy)

Position: _____

Position: _____

Type of job: 1 2 3 4

Type of job: 1 2 3 4

1. Permanent

2. Temporary

3. Independent

4. No job

Civil Status

Client

since

_____ (dd) (mm) (yyyy)

single

married

common-law

widowed

separated

divorced

Spouse

since

_____ (dd) (mm) (yyyy)

single

married

common-law

widowed

separated

divorced

Support payments

paid received N/A paid received N/A

Marriage contract (append a copy to the questionnaire)

partnership of acquests separation of property community of property other

Cohabitation agreement (append a copy to the questionnaire)

yes no N/A

Surrender of family property rights (Bill 146)

yes no N/A yes no N/A

Children

Grandchildren

	First name	DOB	Job	Annual income	Civil status	Last name	First name	DOB
1)	_____	_____	_____	_____	_____	_____	_____	_____
2)	_____	_____	_____	_____	_____	_____	_____	_____
3)	_____	_____	_____	_____	_____	_____	_____	_____

Comments: _____

Other information

Client

Spouse

smoker non-smoker never smoked smoker non-smoker never smoked

State of health: 1 2 3 4 State of health: 1 2 3 4

1. Excellent 2. Good 3. Fair 4. Poor

Details: _____

Professional advisors

	Name	Firm and address	Telephone	Fax	Email
Lawyer	_____	_____	_____	_____	_____
Notary	_____	_____	_____	_____	_____
Accountant or tax specialist	_____	_____	_____	_____	_____
Banker	_____	_____	_____	_____	_____
Insurance broker	_____	_____	_____	_____	_____
Stock broker	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____

For the spouse, if different:

Lawyer	_____	_____	_____	_____	_____
Notary	_____	_____	_____	_____	_____
Accountant or tax specialist	_____	_____	_____	_____	_____
Banker	_____	_____	_____	_____	_____
Insurance broker	_____	_____	_____	_____	_____
Stock broker	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____

SECTION 2: GOAL SUMMARY

Personal and family situation

	Yes	No	Comments
Get married	<input type="checkbox"/>	<input type="checkbox"/>	_____
Get divorced	<input type="checkbox"/>	<input type="checkbox"/>	_____
Have children	<input type="checkbox"/>	<input type="checkbox"/>	_____
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	_____

Children's education

	Yes	No	Comments
Help finance children's or grandchildren's education	<input type="checkbox"/>	<input type="checkbox"/>	_____

Financial situation

	Yes	No	Comments
Evaluate net worth	<input type="checkbox"/>	<input type="checkbox"/>	_____
Evaluate living expenses	<input type="checkbox"/>	<input type="checkbox"/>	_____
Eliminate personal debts	<input type="checkbox"/>	<input type="checkbox"/>	_____
Establish systematic savings plan	<input type="checkbox"/>	<input type="checkbox"/>	_____
Use leverage	<input type="checkbox"/>	<input type="checkbox"/>	_____
Review investment strategy	<input type="checkbox"/>	<input type="checkbox"/>	_____
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	_____

Taxation

	Yes	No	Comments
Reduce income taxes	<input type="checkbox"/>	<input type="checkbox"/>	_____
Increase after-tax investment income	<input type="checkbox"/>	<input type="checkbox"/>	_____
Plan for business succession	<input type="checkbox"/>	<input type="checkbox"/>	_____
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	_____

Retirement planning situation

	Yes	No	Comments
Retire in _____ years, with an annual income of _____, in today's dollars	<input type="checkbox"/>	<input type="checkbox"/>	_____

	Yes	No	Comments
Evaluate RRSP, RRIF and annuity alternatives	<input type="checkbox"/>	<input type="checkbox"/>	_____
Choose between defined benefit pension plan and transfer to a LIRA	<input type="checkbox"/>	<input type="checkbox"/>	_____
Establish Individual Pension Plan (IPP)	<input type="checkbox"/>	<input type="checkbox"/>	_____
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	_____

Estate planning situation

	Yes	No	Comments
Draw up or revise the will	<input type="checkbox"/>	<input type="checkbox"/>	_____
Provide current living expenses for survivors	<input type="checkbox"/>	<input type="checkbox"/>	_____
Minimize taxes on death	<input type="checkbox"/>	<input type="checkbox"/>	_____
Maintain capital in the estate	<input type="checkbox"/>	<input type="checkbox"/>	_____
Ensure continuation of business after death	<input type="checkbox"/>	<input type="checkbox"/>	_____
Calculate life insurance needs	<input type="checkbox"/>	<input type="checkbox"/>	_____
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	_____

Protection situation

	Yes	No	Comments
Draw up or revise mandate in case of incapacity	<input type="checkbox"/>	<input type="checkbox"/>	_____
Draw up or revise general power of attorney	<input type="checkbox"/>	<input type="checkbox"/>	_____
Plan for disability protection	<input type="checkbox"/>	<input type="checkbox"/>	_____
Plan for critical illness protection	<input type="checkbox"/>	<input type="checkbox"/>	_____
Plan for long-term care insurance	<input type="checkbox"/>	<input type="checkbox"/>	_____
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	_____

SECTION 3: FINANCES

Determining net worth

Complete Appendix A and attach all relevant documents: account statements, contracts, invoices, statements of contribution, notices of assessment, etc.

Determining living expenses

Complete Appendix B if the client keeps up-to-date records of all budget information. If not, living expenses can be calculated based on after-tax income and the amount of annual savings, if any:

After-tax income ¹	\$ _____
– annual savings ²	\$ _____
= Cost of living	\$ _____

Is the client expecting substantial cash inflows or outflows in the next year?

yes no Comment: _____

Is the client interested in borrowing to invest?

yes no N/A Comment: _____

Does the client have financial commitments from an earlier marriage or relationship?

yes no Comment: _____

Does the client want to save for his or her children's or grandchildren's education?

yes no N/A Comment: _____

If so, the chart on the next page should be completed.

¹ Amount calculated in Section 4, Taxation.

² Amount provided by the client, resulting from RRSP contributions, systematic savings plans, or other sources.

	1 st child	2 nd child	3 rd child
Child's name	_____	_____	_____
Date of birth	_____	_____	_____
Expected costs per year	\$ _____	\$ _____	\$ _____
Number of years of study	_____	_____	_____
Total costs	\$ _____	\$ _____	\$ _____
Inflation rate	_____ %	_____ %	_____ %
Rate of return	_____ %	_____ %	_____ %
Other information:	_____		

SECTION 4: TAXATION

Calculation of after-tax income

Append income tax returns (or summaries) from the last three years.

	Client \$	Spouse \$	Total \$
Income			
Employment	_____	_____	_____
QPP	_____	_____	_____
Old Age Security	_____	_____	_____
Pension, RRSP, RRIF	_____	_____	_____
Interest	_____	_____	_____
Dividends (not grossed-up)	_____	_____	_____
Business/self-employment	_____	_____	_____
Other: _____	_____	_____	_____
TOTAL INCOME	_____	_____	_____
Taxes and other contributions			
Federal taxes ¹	_____	_____	_____
Provincial taxes ²	_____	_____	_____
Quebec Pension Plan contributions	_____	_____	_____
Employment Insurance premiums	_____	_____	_____
Union dues	_____	_____	_____
RRP contributions	_____	_____	_____
Group insurance deducted at source	_____	_____	_____
Other: _____	_____	_____	_____
TOTAL OF TAXES AND OTHER CONTRIBUTIONS	_____	_____	_____
AFTER-TAX INCOME³	_____	_____	_____

¹ Net of Refundable Quebec Abatement

² Include following provincial contributions: anti-poverty fund, health services fund, Quebec drug insurance regime, etc.

³ This amount must be carried to Section 3 for the calculation of living expenses.

	Client	Spouse
Effective tax rate	_____	_____
Marginal tax rate	_____	_____
Deductible capital losses from previous years*	_____	_____
Taxable capital gains declared in the last three years	_____	_____
Year: _____	_____	_____
Amount: _____	_____	_____

Has the client sold any assets since the beginning of the year? yes no

If so, complete the table below.

Description	Year of acquisition	Quantity	Net proceeds of disposition	ACB	UCC	Gain or loss	Recapture of depreciation
1) _____	_____	_____	_____	_____	_____	_____	_____
2) _____	_____	_____	_____	_____	_____	_____	_____
3) _____	_____	_____	_____	_____	_____	_____	_____

Has the \$500,000 capital gains deduction for the sale of CCPC shares been used? Is there eligible farm property?

yes no How much? _____

What tax shelters does the client use?

Does the client's situation allow for income-splitting techniques?

Does the client use all available tax deductions and credits? Does the client declare all income?

Has the client filed an election with regard to a property owned on February 22, 1994? (form T664)

yes no

If so, complete the following chart:

* In most cases, it is preferable to confirm this information with the tax authorities.

Description	Quantity	Amount of election (\$)
1) _____	_____	_____
2) _____	_____	_____
3) _____	_____	_____
4) _____	_____	_____
5) _____	_____	_____

Other:

SECTION 5: RETIREMENT

	Client		Spouse	
	yes	no	yes	no
Is the client a member of a Registered Retirement Plan, a supplementary pension plan, a stock option plan, etc.?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If so, append a copy of the most recent statement of contributions and complete note 21 on the personal balance sheet.				
Does the client contribute to an employer's group RRSP* or DPSP?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If so, append a copy of the most recent statement of contributions and complete note 21 on the personal balance sheet.				
Does the client make the maximum annual contribution to an RRSP* or spousal RRSP?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
At what time of the year does the client make the annual RRSP contributions?				
End of the year	<input type="checkbox"/>		<input type="checkbox"/>	
Beginning of the year	<input type="checkbox"/>		<input type="checkbox"/>	
Systematic savings plan	<input type="checkbox"/>		<input type="checkbox"/>	
Additional information about RRSP:				
Maximum contribution – current year	\$ _____		\$ _____	
Deferred deduction	\$ _____		\$ _____	
Unused contribution room	\$ _____		\$ _____	
Overcontributions	\$ _____		\$ _____	
Attach Appendix 7 and the most recent federal income tax notice of assessment.				
Other information: _____				

* The details of the RRSP investments are gathered in the Finance Section, on the personal balance sheet.

SECTION 6: LEGAL ASPECTS AND SUCCESSION¹

	Client			Spouse		
	yes	no	N/A	yes	no	N/A
Has the client written a will?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
If so, append a copy and complete note 28 on the personal balance sheet.						
If no will has been drawn up, note 28 on the personal balance sheet should also be completed and the client's legal heirs identified in the case of an intestate death						
Does the last will still reflect the client's wishes?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
Is the will structured to reduce taxes due on death?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is the will structured to reduce the heirs' taxes in the years following the death?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has the client drawn up a mandate in case of incapacity?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
Has the client drawn up a power of attorney?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
Has the client drawn up a shareholders' agreement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the client wish to leave a legacy to charity?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
Has the client made funeral arrangements?	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
How much does the client expect to pay for death-related expenses?	\$ _____			\$ _____		

Comments:

¹ For this section, you should complete the estate balance sheet (Appendix C) and calculate the cash position of the estate (Appendix D). These can be completed after the meeting with the client, to avoid an overlong interview.

SECTION 7: INVESTMENTS

	Client			Spouse		
	%			%		
Determination of investor profile*	<hr/>					
–Liquid securities	<hr/>			<hr/>		
–Fixed-income securities	<hr/>			<hr/>		
–Growth securities	<hr/>			<hr/>		
	<hr/>			<hr/>		
	100			100		
Current asset allocation	<hr/>					
–Liquid securities	<hr/>			<hr/>		
–Fixed-income securities	<hr/>			<hr/>		
–Growth securities	<hr/>			<hr/>		
	<hr/>			<hr/>		
	100			100		
	yes	no	N/A	yes	no	N/A
Is the portfolio diversified?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<hr/>						
<hr/>						
Is the portfolio structured to minimize income taxes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<hr/>						
<hr/>						
Is the growth portion of the portfolio protected against a stock market crash?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<hr/>						
<hr/>						
Is the liquidity level of the RRIF high enough for the chosen payout schedule?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<hr/>						
<hr/>						
Comments:	<hr/>					
	<hr/>					
	<hr/>					
	<hr/>					

* The investor profile is usually determined using a questionnaire such as the one presented in Appendix E.

SECTION 8: INSURANCE

	Client			Spouse		
	yes	no	N/A	yes	no	N/A
Does the client have life insurance?*	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
Does the client have disability insurance?*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does the client have critical illness insurance?* Long-term care?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are the client's loans covered with life insurance by the lending institution?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are the client's loans covered with disability or critical illness insurance by the lending institution?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Does a business corporation have life insurance on the client?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are the insurance contracts sufficient for the client's goals?						

Are the types of insurance suited to the client's situation?

Comments:

* If the insurance was acquired by the client, the financial planner should append a recent statement, get some details about the coverage and complete note 27 on the personal balance sheet.

Appendix A

Name: _____

Personal Balance Sheet

as at _____

	Client \$	Spouse \$	Total \$
ASSETS			
Cash and near-cash assets			
Bank accounts (note 3)	_____	_____	_____
Cash surrender value of life insurance contract (note 4)	_____	_____	_____
Savings bonds (note 5)	_____	_____	_____
Term deposits (note 6)	_____	_____	_____
Bonds (note 7)	_____	_____	_____
Stripped bonds (note 8)	_____	_____	_____
Income trusts (note 9)	_____	_____	_____
Common shares (note 10)	_____	_____	_____
Preferred shares (note 11)	_____	_____	_____
Mutual funds (note 12)	_____	_____	_____
Stock savings plan (note 13)	_____	_____	_____
Other: _____	_____	_____	_____
Total cash and near-cash assets	_____	_____	_____
<i>Personal assets</i>			
Main residence (note 14)	_____	_____	_____
Secondary residence (note 15)	_____	_____	_____
Automobiles (note 16)	_____	_____	_____
Antiques, works of art, jewellery, collections (note 17)	_____	_____	_____
Other: _____	_____	_____	_____
Total personal assets	_____	_____	_____

	Client \$	Spouse \$	Total \$
<i>Income-producing assets</i>			
Shares in a private company (note 18)	_____	_____	_____
Rental property (note 19)	_____	_____	_____
Other: _____	_____	_____	_____
Total income-producing assets	_____	_____	_____
 <i>Registered assets</i>			
RRSP or RRIF (note 20)	_____	_____	_____
Pension fund (note 21)	_____	_____	_____
LIRA (note 22)	_____	_____	_____
RESP (note 23)	_____	_____	_____
Other assets: _____	_____	_____	_____
Total registered assets	_____	_____	_____
TOTAL ASSETS	_____	_____	_____
 LIABILITIES			
Accounts payable (note 24)			
Credit card balances	_____	_____	_____
Credit purchases	_____	_____	_____
Taxes payable	_____	_____	_____
Unpaid bills	_____	_____	_____
Other: _____	_____	_____	_____
Total accounts payable	_____	_____	_____
 <i>Personal loans (note 25)</i>			
Bank overdraft	_____	_____	_____
Line of credit	_____	_____	_____
Car	_____	_____	_____
Furniture	_____	_____	_____
RRSP	_____	_____	_____

	Client	Spouse	Total
Investments			
Other: _____			
Total personal loans			
<i>Mortgage loans (note 26)</i>			
Main residence			
Secondary residence			
Income property			
Other: _____			
Total mortgage loans			
TOTAL LIABILITIES			
NET WORTH			

Notes to the Personal Balance Sheet

NOTE 1: Civil status

NOTE 2: Accounting conventions

Assets and liabilities are evaluated at their estimated present value.

NOTE 3: Bank accounts

	Financial institution	Type of account	Balance \$
1	_____	_____	_____
2	_____	_____	_____
3	_____	_____	_____
4	_____	_____	_____
		Total	_____

NOTE 4: Cash surrender value of life insurance contracts

Type of contract	Cash surrender value \$	Comments
1 _____	_____	_____
2 _____	_____	_____
3 _____	_____	_____

NOTE 5: Savings bonds

Issuer	Series	Interest rate	Maturity	Face value \$	Accumulated value \$
1 _____	_____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____	_____
				Total	_____

NOTE 6: Term deposits (Guaranteed investment certificates)*

Financial institution	Date of deposit	Maturity date	Interest rate	Accumulated value \$	
1 _____	_____	_____	_____	_____	
2 _____	_____	_____	_____	_____	
3 _____	_____	_____	_____	_____	
4 _____	_____	_____	_____	_____	
				Total	_____

NOTE 7: Bonds

Issuer	Date of acquisition	Acquisition cost \$	Interest rate	Maturity	Market value \$	
1 _____	_____	_____	_____	_____	_____	
2 _____	_____	_____	_____	_____	_____	
3 _____	_____	_____	_____	_____	_____	
					Total	_____

* If the return is based on the performance of one or more stock indexes, please provide an overview of their characteristics.

NOTE 8: Strip bonds

Issuer	Date of acquisition	Cost of acquisition \$	Rate of return	Market value \$
1 _____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____
				Total _____

Note: Also indicate interest declared each year on the income tax return.

NOTE 9: Income trusts

Description	Date of acquisition	ACB \$	Annual distributions \$	Quantity	Market value \$	Total \$
1 _____	_____	_____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____	_____	_____
						Total _____

NOTE 10: Common Shares

Description	Date of acquisition	ACB \$	Annual dividends \$	Quantity	Market value \$	Total \$
1 _____	_____	_____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____	_____	_____
3 _____	_____	_____	_____	_____	_____	_____
4 _____	_____	_____	_____	_____	_____	_____
						Total _____

NOTE 11: Preferred shares

Description	Date of acquisition	ACB	Rate of return	Maturity	Quantity	Market value \$	Total \$
1 _____	_____	_____	_____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____	_____	_____	_____
3 _____	_____	_____	_____	_____	_____	_____	_____
4 _____	_____	_____	_____	_____	_____	_____	_____
							Total _____

NOTE 12: Mutual funds

Description	Date of acquisition	AMFR*	ACB	Number of units	Market value \$	Total \$
1 _____	_____	_____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____	_____	_____
3 _____	_____	_____	_____	_____	_____	_____
4 _____	_____	_____	_____	_____	_____	_____
					Total	_____

Note: The ACB must be adjusted when dividends are reinvested in additional units.

NOTE 13: Stock savings plan

Description	Date of acquisition	Cost of acquisition \$	Annual dividend	Quantity	Market value \$	Total \$
1 _____	_____	_____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____	_____	_____
3 _____	_____	_____	_____	_____	_____	_____
4 _____	_____	_____	_____	_____	_____	_____
					Total	_____

Note: It is recommended that a copy of Appendix D of the most recent provincial income tax return be attached.

NOTE 14: Main residence

Address	Year of acquisition	Price paid \$	Municipal evaluation \$	Market value \$
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Note: It is also recommended the price paid for major improvements or renovations be included. If the market value differs from the municipal evaluation, indicate how the market value was determined.

* Annual management fee ratio

NOTE 15: Secondary residence

Address	Year of acquisition	Price paid \$	Municipal evaluation \$	Market value \$
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Note: It is also recommended the price paid for major improvements or renovations be included. If the market value differs from the municipal evaluation, indicate how the market value was determined.

NOTE 16: Automobiles

Model	Year	Cost of acquisition \$	Market value \$
1 _____	_____	_____	_____
2 _____	_____	_____	_____
		Total	_____

NOTE 17: Antiques, works of art, jewellery, collections

Description	ACB \$	Market value \$
1 _____	_____	_____
2 _____	_____	_____
	Total	_____

Note: Indicate how the market value was determined.

NOTE 18: Shares in a private corporation

Description	% ownership	ACB \$	Market value \$
1 _____	_____	_____	_____
2 _____	_____	_____	_____
	Total	_____	_____

Note: Indicate how the market value was determined.

The financial statements of the business corporation or general partnership can also be appended to the personal balance sheet.

NOTE 19: Rental property

	Description	Address	Date of acquisition	ACB \$	Annual UCC \$	Municipal evaluation \$	Market value \$
1	_____	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____	_____
						Total	_____

Note: For each building, indicate the value of the land and the building separately. If the market value differs from the municipal evaluation, indicate how the market value was determined.

NOTE 24: Accounts payable

	Description	Date due	Interest rate	Amount \$
1	_____	_____	_____	_____
2	_____	_____	_____	_____
3	_____	_____	_____	_____
4	_____	_____	_____	_____
5	_____	_____	_____	_____
			Total	_____

NOTE 25: Personal loans

	Description	Date of loan	Date due	Payments \$	Interest rate	Original amount \$	Balance \$
1	_____	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____	_____
3	_____	_____	_____	_____	_____	_____	_____
4	_____	_____	_____	_____	_____	_____	_____
						Total	_____

NOTE 26: Mortgage loans

	Lender	Description	Date of loan	Maturity date	Payments \$	Amortization	Frequency	Interest rate	Original amount \$	Balance \$
1	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
3	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
4	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
									Total	_____

Note 27: Life insurance, disability insurance, critical illness insurance contracts

a) Life insurance

Issuer	Under-writing year	Type of contract	Paid-up insurance \$	Death benefit \$	Beneficiary \$	Annual premium \$	Accumulated dividends \$	Cash surrender value \$	Capitalization fund \$	Reserve \$

Comments: _____

b) Disability insurance

Issuer	Under-writing year	Premium \$	Elimination period	Monthly income \$	% indexation	Occupation protected for (years)	Other features

Comments: _____

c) Critical illness insurance

Issuer	Underwriting year	Premium \$	Face amount \$	Illnesses covered

Comments: _____

NOTE 30: Contractual commitments

NOTE 31: Contingencies

NOTE 32: Stock options

NOTE 33: Events subsequent to personal balance sheet date

NOTE 34: Currency conversion

Appendix B Cost of living (budget)

NAME: _____

Budget forecast for the year: _____

	Client \$	Spouse \$	Total \$
SOURCES OF INCOME			
Employment income	_____	_____	_____
Business or self-employment income (net)	_____	_____	_____
Rental income	_____	_____	_____
Investment income	_____	_____	_____
Support payments	_____	_____	_____
Annuities and other pensions	_____	_____	_____
Other income	_____	_____	_____
TOTAL INCOME	_____	_____	_____
EXPENSES*			
Food			
Groceries	_____	_____	_____
Restaurants	_____	_____	_____
Subtotal	_____	_____	_____
Accommodation			
Rent, mortgage payment	_____	_____	_____
Maintenance and repairs	_____	_____	_____
Insurance premiums (house and contents)	_____	_____	_____
Property taxes	_____	_____	_____
Heat, electricity, water	_____	_____	_____
Phone, cable, internet	_____	_____	_____
Other	_____	_____	_____
Subtotal	_____	_____	_____

* Ensure that the same expenses are not listed in more than one place, and use the budget items as listed to enable proper comparison with Statistics Canada data.

	Client \$	Spouse \$	Total \$
Household operations			
Domestic help	_____	_____	_____
Child care expenses	_____	_____	_____
Animal care expenses	_____	_____	_____
Cleaning products	_____	_____	_____
Yard work	_____	_____	_____
Other	_____	_____	_____
Subtotal	_____	_____	_____
Furniture and equipment	_____	_____	_____
Clothing (purchases, cleaning)	_____	_____	_____
Transportation			
Automobile purchase (cash)	_____	_____	_____
Loan repayment	_____	_____	_____
Insurance premiums, permits	_____	_____	_____
Maintenance and repairs	_____	_____	_____
Oil and gas	_____	_____	_____
Parking	_____	_____	_____
Public transit	_____	_____	_____
Subtotal	_____	_____	_____
Health care			
Health insurance premiums, dental insurance premiums, etc.	_____	_____	_____
Non-refundable medical expenses	_____	_____	_____
Subtotal	_____	_____	_____
Personal care			
Hair care, esthetician, beauty products	_____	_____	_____
Supplies and other services	_____	_____	_____
Subtotal	_____	_____	_____

	Client \$	Spouse \$	Total \$
Leisure and entertainment			
Leisure vehicles			
Sports, camping			
Shows, outings			
Books, newspapers, CDs, cassettes, photos, etc.			
Collections, crafts			
Vacations, trips			
Other			
Subtotal			
Education			
Tuition			
Books, supplies			
Other			
Subtotal			
Contributions, gifts, donations			
Tobacco and alcohol			
Debt repayment (except car and mortgage)			
Income tax			
Financial security			
Life insurance			
Disability insurance (salary insurance)			
Accident insurance, liability insurance, etc.			
Employment insurance			
Quebec Pension Plan, Canada Pension Plan			
Pension contributions			

	Client \$	Spouse \$	Total \$
Other			
Subtotal			
Miscellaneous			
Financial fees			
Professional fees			
Professional and unions dues			
Lottery tickets			
Other			
Subtotal			
TOTAL EXPENSES			
TOTAL INCOME			
TOTAL EXPENSES			
SURPLUS (DEFICIT)			

Appendix C Estate Balance Sheet

NAME: _____

Estate balance sheet at _____

	Death of client \$	Death of spouse \$	Simultaneous death \$
Net worth according to personal balance sheet	_____	_____	_____
Plus:			
QPP ¹ death benefit	_____	_____	_____
Group life insurance death benefit ²	_____	_____	_____
Individual life insurance death benefit ³	_____	_____	_____
Accounts payable and life-insured loans	_____	_____	_____
Other: _____	_____	_____	_____
Less:			
Cash surrender value of life insurance contract	_____	_____	_____
Loans against life insurance contract	_____	_____	_____
Death-related expenses	_____	_____	_____
Taxes payable at death (note 1)	_____	_____	_____
Other	_____	_____	_____
ESTATE ASSETS	_____	_____	_____

¹ The QPP death benefit has been set at \$2,500 since January 1, 1998.

² The life insurance benefits should be payable to the estate or to the spouse.

³ For universal life insurance, include the accumulated value of the capitalization fund with the death benefit.

NOTE 1: Taxes payable at death*

In this note, the financial planner should give the detailed calculations used to determine the amount of taxes that will be payable at death.

a) Death of client

Description	Income (loss) \$	Capital gain (loss) \$

b) Death of spouse

Description	Income (loss) \$	Capital gain (loss) \$

c) Simultaneous death

Description	Income (loss) \$	Capital gain (loss) \$

* Use the marginal tax rate in the calculation of taxes at death. We recommend taxing the QPP death benefit to the estate, although it may be taxed in the hands of the person who assumes payment of death-related expenses

Appendix D Cash Position of the Estate

NAME: _____

Cash Position of the Estate as at _____

	Client \$	Spouse \$	Simultaneous \$
Cash and near-cash assets, according to balance sheet	_____	_____	_____
Plus:			
QPP death benefit	_____	_____	_____
Group life insurance death benefit	_____	_____	_____
Individual life insurance death benefit	_____	_____	_____
Life-insured accounts payable and loans	_____	_____	_____
Registered assets ¹	_____	_____	_____
Other: _____	_____	_____	_____
Less:			
Liabilities, as per personal balance sheet ²	_____	_____	_____
Life insurance cash-surrender value	_____	_____	_____
Loans on life insurance contracts	_____	_____	_____
Death-related expenses	_____	_____	_____
Taxes payable at death	_____	_____	_____
Other: _____	_____	_____	_____
Plus (less):			
Surviving spouse's cash, as per balance sheet	_____	_____	_____
CASH SURPLUS (DEFICIT)	_____	_____	_____

¹ If registered assets are included in the calculation of taxes at death in the balance sheet rather than rolled over to the spouse.

² It is recommended that all liabilities recorded in the Personal balance sheet be included here, even though some debts may not automatically become payable on death (e.g., mortgage that is not insured with the lending institution). The financial planner can mention these issues in the analysis.

Appendix E Investor profile questionnaire

Name: _____

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Investment objectives					
I want sufficient return over the long term to inflation-proof my capital.	5	4	3	2	1
I want an investment that will enable me to defer taxes on my income (gains or interest).	5	4	3	2	1
I don't need a high level of current income from my investments.	5	4	3	2	1
My main investment objectives are long-term.	5	4	3	2	1
I'm ready to weather considerable highs and lows to gain a higher return in the long term.	5	4	3	2	1
I'm prepared to accept a lower short-term return for a higher long-term return.	5	4	3	2	1
I'm financially able to maintain a low level of liquidity in my portfolio.	5	4	3	2	1

Signature: _____

Score: _____

	Score obtained	Liquid securities	Fixed-income securities	Growth securities
A	30 to 35	0–5%	20–30%	70–80%
B	15 to 29	5–15%	35–55%	40–50%
C	5 to 14	15–25%	45–65%	20–30%

APPENDIX F Model Professional Services Contract

City, date

Addressee
Address

Subject: Financial planning

Ref: File no. _____

Dear Mr./ Ms. Client

Further to our recent meeting, we would like to offer you our services for the preparation of an integrated personal financial plan, the development of an action plan and the formulation of recommendations to meet the financial goals we discussed together.

We are authorized to act in the following fields: financial planning, individual insurance, group savings, (specify the disciplines). We also offer the following financial products and services: financial planning, life and disability insurance, mutual funds (specify).

Our services include an examination of the following:

1. Personal and family situation
2. Financial situation
 - Creation of a balance sheet and budget
 - Investment portfolio analysis, etc.
3. Tax situation
 - Examination of tax returns, etc.
4. Children's education funding situation
5. Retirement planning situation
 - Determination of retirement needs based on goals, budget and savings capacity, etc.
6. Estate planning situation
 - Drawing up of an estate balance sheet and a statement of cash position for the estate
 - Determination of capital needs at death, etc.
7. Protection situation
 - Examination of current protection levels and determination of additional needs, etc.

For each of the areas above, we take into consideration the financial, accounting and taxation consequences, both in the analysis of the current situation and in the formulation of recommendations.

Consideration

For these services, you agree to pay us the sum of _____ dollars for every hour of work undertaken in relation to this contract, which we estimate to be approximately _____ hours.

The appropriate taxes (GST, QST), along with any fees and expenses incurred, will be added to this price.

You agree to make a down payment of _____ dollars, deductible from the total sum invoiced, the balance of which will be due 30 days after invoicing. Interest in the amount of _____% per year will be levied on any amount unpaid after 30 days.

The present contract may be rescinded at any time. If you rescind the contract, you agree to pay for any hours worked and any expenses incurred up to the date of revocation.

Charges and conditions

As your financial planner, we agree to provide you with a written report that covers all of the items listed above, including analysis charts and recommendations where relevant.

We will inform you of the progress of our work, and we expect to submit the final report to you on _____. We will then invite you to an interview at which we will explain our analysis and our recommendations. If additional work is required, you will be informed and additional fees may be charged.

You should understand that the report provided within the scope of this contract may need to be updated regularly. The fees for periodically updating the file can be agreed upon at a later date.

You agree to answer all questions and provide all documents required for the execution of the contract, whether they are in your possession or in the possession of third parties. To this end, you agree to immediately sign letters authorizing us to obtain information directly from third parties. The information obtained from these third parties will remain confidential at all times and will not be used for any purposes other than the present contract.

You understand that our responsibility is limited by access to the documents provided and to their content, and that the recommendations offered can only be valid if social, family, economic and market conditions and laws remain unchanged.

Should the implementation of the recommendations in the report require the services of specialists, our co-ordination and integration fees will be charged over and above their fees.

Sincerely,

(Signature)

Name of financial planner (*block letters*)

Name of firm or financial institution

I, the undersigned, first and last name of client , accept the terms of the present service contract and agree to respect all the terms outlined.

Signed at _____, this ___ day of _____ (month, year).

(Signature)

Name of client *(block letters)*

Note: If remuneration is to be based on commissions on financial products sold, this must be clearly indicated. In such a case, it is recommended that an alternate type of remuneration, such as an hourly rate, be provided, in case the contract is rescinded.

APPENDIX IV – Personal financial statements

A) Personal Balance Sheet

NAME: _____

as at _____

	Client \$	Spouse \$	Total \$
ASSETS			
Cash and near-cash assets			
Bank accounts (note 3)	_____	_____	_____
Cash surrender value of life insurance contracts (note 4)	_____	_____	_____
Savings bonds (note 5)	_____	_____	_____
Term deposits (note 6)	_____	_____	_____
Bonds (note 7)	_____	_____	_____
Stripped bonds (note 8)	_____	_____	_____
Income trusts (note 9)	_____	_____	_____
Common shares (note 10)	_____	_____	_____
Preferred shares (note 11)	_____	_____	_____
Mutual funds (note 12)	_____	_____	_____
Stock savings plan (note 13)	_____	_____	_____
Other: _____	_____	_____	_____
Total cash and near-cash assets	_____	_____	_____
Personal assets			
Main residence (note 14)	_____	_____	_____
Secondary residence (note 15)	_____	_____	_____
Automobiles (note 16)	_____	_____	_____
Antiques, works of art, jewellery, collections (note 17)	_____	_____	_____
Other: _____	_____	_____	_____
Total personal assets	_____	_____	_____
Incoming-producing assets			
Shares in a private company (note 18)	_____	_____	_____
Rental property (note 19)	_____	_____	_____
Other: _____	_____	_____	_____
Total income-producing assets	_____	_____	_____

APPENDIX IV - PERSONAL FINANCIAL STATEMENTS

	Client \$	Spouse \$	Total \$
Registered assets			
RRSP or RRIF (note 20)			
Pension fund (note 21)			
LIRA (note 22)			
RESP (note 23)			
Other assets: _____			
Total registered assets			
TOTAL ASSETS			
 LIABILITIES			
Accounts payable (note 24)			
Credit card balances			
Credit purchases			
Taxes payable			
Unpaid bills			
Other: _____			
Total accounts payable			
 Personal loans (note 25)			
Bank overdraft			
Line of credit			
Car			
Furniture			
RRSP			
Investments			
Other: _____			
Total personal loans			

PROFESSIONAL STANDARDS

	Client \$	Spouse \$	Total \$
Mortgage loans (note 26)			
Main residence			
Secondary residence			
Income property			
Other: _____			
Total mortgage loans			
TOTAL LIABILITIES			
NET WORTH			

NOTE 1: Civil status

NOTE 2: Accounting conventions

Assets and liabilities are evaluated at their estimated present value.

NOTE 3: Bank accounts

	Financial institution	Type of account	Balance \$
1			
2			
3			
4			
		Total	

APPENDIX IV - PERSONAL FINANCIAL STATEMENTS

NOTE 4: Cash surrender value of life insurance contracts

Type of contract	Cash surrender value \$	Comments
1 _____	_____	_____
2 _____	_____	_____
3 _____	_____	_____

NOTE 5: Savings bonds

Issuer	Series	Interest rate	Maturity	Face value \$	Accumulated value \$
1 _____	_____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____	_____
Total					_____

NOTE 6: Term deposits

Financial institution	Date of deposit	Maturity date	Interest rate	Accumulated value \$
1 _____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____
3 _____	_____	_____	_____	_____
4 _____	_____	_____	_____	_____
Total				_____

NOTE 7: Bonds

Issuer	Date of acquisition	Acquisition cost \$	Interest rate	Maturity date	Market value \$
1 _____	_____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____	_____
3 _____	_____	_____	_____	_____	_____
Total					_____

NOTE 8: Strip bonds

	Issuer	Date of acquisition	Acquisition cost	Rate of return	Market value \$
1	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____
				Total	_____

Note: Also indicate interest declared each year on the income tax return.

NOTE 9: Income trusts

	Description	Date of acquisition	ACB \$	Annual distributions \$	Quantity	Market value \$	Total \$
1	_____	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____	_____
3	_____	_____	_____	_____	_____	_____	_____
						Total	_____

Note: The ACB should be adjusted downward each year to take any capital distributions into consideration. These amounts are indicated in the year-end statements issued by stock brokerages.

NOTE 10: Common shares

	Description	Date of acquisition	Cost of acquisition \$	Annual dividend	Quantity	Market value \$	Total \$
1	_____	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____	_____
3	_____	_____	_____	_____	_____	_____	_____
4	_____	_____	_____	_____	_____	_____	_____
						Total	_____

APPENDIX IV - PERSONAL FINANCIAL STATEMENTS

NOTE 11: Preferred shares

Description	Date of acquisition	Cost of acquisition \$	Annual dividend \$	Rate of return	Maturity	Quantity	Market value \$	Total \$
1 _____	_____	_____	_____	_____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____	_____	_____	_____	_____
3 _____	_____	_____	_____	_____	_____	_____	_____	_____
4 _____	_____	_____	_____	_____	_____	_____	_____	_____
							Total	_____

NOTE 12: Mutual funds

Description	Date of acquisition	AMFR*	ACB	Number of units	Market value \$	Total \$
1 _____	_____	_____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____	_____	_____
3 _____	_____	_____	_____	_____	_____	_____
4 _____	_____	_____	_____	_____	_____	_____
					Total	_____

Note: The ACB must be adjusted when dividends are reinvested in additional units.

* Annual management fee ratio

NOTE 13: Stock savings plan

Description	Date of acquisition	Cost of acquisition \$	Annual dividend	Quantity	Market value \$	Total \$
1 _____	_____	_____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____	_____	_____
3 _____	_____	_____	_____	_____	_____	_____
4 _____	_____	_____	_____	_____	_____	_____
					Total	_____

Note: It is recommended that you also attach a copy of Appendix D of the most recent provincial income tax return.

NOTE 14: Main residence

Address	Year of acquisition	Price paid \$	Municipal evaluation \$	Market value \$
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

NOTE: It is also recommended that you include the price paid for major improvements or renovations. If the market value differs from the municipal evaluation, indicate how the market value was determined.

NOTE 15: Secondary residence

Address	Year of acquisition	Price paid \$	Municipal evaluation \$	Market value \$
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

NOTE: It is also recommended that you include the price paid for major improvements or renovations. If the market value differs from the municipal evaluation, indicate how the market value was determined.

NOTE 16: Automobiles

Model	Year	Cost of acquisition \$	Market value \$
1 _____	_____	_____	_____
2 _____	_____	_____	_____
			Total _____

APPENDIX IV - PERSONAL FINANCIAL STATEMENTS

NOTE 17: Antiques, works of art, jewellery, collections

Description	ACB \$	Market value \$
1 _____	_____	_____
2 _____	_____	_____
	Total	_____

NOTE: Indicate how the market value was determined.

NOTE 18: Shares in a private corporation

Description	% ownership	ACB \$	Market value \$
1 _____	_____	_____	_____
2 _____	_____	_____	_____
		Total	_____

NOTE: Indicate how the market value was determined.
The financial statements of the private corporation can also be appended to the personal balance sheet.

NOTE 19: Rental property

Description	Address	Date of acquisition	ACB \$	UCC \$	Municipal evaluation \$	Market value \$
1 _____	_____	_____	_____	_____	_____	_____
2 _____	_____	_____	_____	_____	_____	_____
					Total	_____

NOTE: For each building, indicate the value of the land and the building separately. If the market value differs from the municipal evaluation, indicate how the market value was determined.

NOTE 24: Accounts payable

	Description	Date due	Interest rate	Amount \$
1	_____	_____	_____	_____
2	_____	_____	_____	_____
3	_____	_____	_____	_____
4	_____	_____	_____	_____
5	_____	_____	_____	_____
			Total	_____

NOTE 25: Personal loans

	Description	Date of loan	Date due	Payments \$	Interest rate	Original amount \$	Balance \$
1	_____	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____	_____
3	_____	_____	_____	_____	_____	_____	_____
4	_____	_____	_____	_____	_____	_____	_____
						Total	_____

NOTE 26: Mortgage loans

	Lender	Description	Date of loan	Maturity date	Payments \$	Amortization	Frequency	Interest rate	Original amount \$	Balance \$
1	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
3	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
4	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
									Total	_____

NOTE 27: Life insurance, disability insurance, critical illness insurance contracts

a) Life insurance

Issuer	Under-writing year	Type of contract	Paid-up insurance \$	Death benefit \$	Beneficiary \$	Annual premium \$	Accumulated dividends \$	Cash surrender value \$	Capitalization fund \$	Reserve \$

b) Disability insurance

Issuer	Under-writing year	Premium \$	Elimination period	Monthly income \$	% indexation	Occupation protected for (years)	Other features

Comments: _____

c) Critical illness insurance

Issuer	Underwriting year	Premium \$	Face amount \$	Illnesses covered

APPENDIX IV - PERSONAL FINANCIAL STATEMENTS

NOTE 30: Contractual commitments

NOTE 31: Contingencies

B) Budget Forecast

NAME: _____

Year: _____

	Client \$	Spouse \$	Total \$
SOURCES OF INCOME			
Employment income	_____	_____	_____
Business or self-employment income (net)	_____	_____	_____
Rental income	_____	_____	_____
Investment income	_____	_____	_____
Support payments	_____	_____	_____
Annuities and other pensions	_____	_____	_____
Other income	_____	_____	_____
TOTAL INCOME	_____	_____	_____

EXPENSES*

Food

Groceries	_____	_____	_____
Restaurants	_____	_____	_____
Subtotal	_____	_____	_____

Accommodation

Rent, mortgage payment	_____	_____	_____
Maintenance and repairs	_____	_____	_____
Insurance premiums (house and contents)	_____	_____	_____
Property taxes	_____	_____	_____
Heat, electricity, water	_____	_____	_____
Phone, cable, internet	_____	_____	_____
Other	_____	_____	_____
Subtotal	_____	_____	_____

 * Ensure that the same expenses are not listed in more than one place, and use the budget items as listed to enable proper comparison with Statistics Canada data.

APPENDIX IV - PERSONAL FINANCIAL STATEMENTS

	Client \$	Spouse \$	Total \$
Household operations			
Domestic help	_____	_____	_____
Child care expenses	_____	_____	_____
Animal care expenses	_____	_____	_____
Cleaning products	_____	_____	_____
Yard work	_____	_____	_____
Other	_____	_____	_____
Subtotal	_____	_____	_____
Furniture and equipment			
Clothing (purchases, cleaning)			
Transportation			
Automobile purchase (cash)	_____	_____	_____
Loan repayment	_____	_____	_____
Insurance premiums, permits	_____	_____	_____
Maintenance and repairs	_____	_____	_____
Oil and gas	_____	_____	_____
Parking	_____	_____	_____
Public transit	_____	_____	_____
Subtotal	_____	_____	_____
Health care			
Health insurance premiums, dental insurance premiums, etc.	_____	_____	_____
Non-refundable medical expenses	_____	_____	_____
Subtotal	_____	_____	_____
Personal care			
Hair care, esthetician, beauty products	_____	_____	_____
Supplies and other services	_____	_____	_____
Subtotal	_____	_____	_____

PROFESSIONAL STANDARDS

	Client \$	Spouse \$	Total \$
Leisure and entertainment			
Leisure vehicles	_____	_____	_____
Sports, camping	_____	_____	_____
Shows, outings	_____	_____	_____
Books, newspapers, CDs, cassettes, photos, etc.	_____	_____	_____
Collections, crafts	_____	_____	_____
Vacations, trips	_____	_____	_____
Other	_____	_____	_____
Subtotal	_____	_____	_____
Education			
Tuition	_____	_____	_____
Books, supplies	_____	_____	_____
Other	_____	_____	_____
Subtotal	_____	_____	_____
Contributions, gifts, donations	_____	_____	_____
Tobacco and alcohol	_____	_____	_____
Debt repayment (except car and mortgage)	_____	_____	_____
Income tax	_____	_____	_____
Financial security			
Life insurance	_____	_____	_____
Disability insurance (salary insurance)	_____	_____	_____
Accident insurance, liability insurance, etc.	_____	_____	_____
Employment insurance	_____	_____	_____
Quebec or Canada Pension Plan	_____	_____	_____
Pension contributions	_____	_____	_____
Other	_____	_____	_____
Subtotal	_____	_____	_____

APPENDIX IV - PERSONAL FINANCIAL STATEMENTS

	Client	Spouse	Total
	\$	\$	\$
Miscellaneous			
Financial fees			
Professional fees			
Professional and unions dues			
Lottery tickets			
Other			
Subtotal			
TOTAL EXPENSES			
TOTAL INCOME			
TOTAL EXPENSES			
SURPLUS (DEFICIT)			

C) Estate Plan

NAME: _____

as at _____

	Death of client \$	Death of spouse \$	Simultaneous death \$
Net worth as per personal balance sheet	_____	_____	_____
Plus:			
QPP/PPP ¹ death benefit	_____	_____	_____
Group life insurance death benefit ²	_____	_____	_____
Individual life insurance death benefit ³	_____	_____	_____
Accounts payable and life-insured loans			
Other: _____	_____	_____	_____
Less:			
Cash surrender value of life insurance contract	_____	_____	_____
Loans against life insurance contracts	_____	_____	_____
Death-related expenses	_____	_____	_____
Taxes at death (note 1)	_____	_____	_____
ESTATE ASSETS	_____	_____	_____

NOTE 1: Taxes at death⁴

In this note, the financial planner should give the detailed calculations used to determine the amount of terminal taxes that will be payable.

¹ The QPP death benefit has been set at \$2,500 since January 1, 1998.

² The life insurance benefits should be payable to the estate or to the spouse.

³ For universal life insurance, include the accumulated value of the capitalization fund with the death benefit.

⁴ Use the marginal tax rate in the calculation of taxes at death. We recommend taxing the QPP/PPP death benefit to the estate, although it may be taxed in the hands of the person who assumes payment of death-related expenses.

APPENDIX IV - PERSONAL FINANCIAL STATEMENTS

a) Death of client

Description	Income (loss) \$	Capital gain (loss) \$

b) Death of spouse

Description	Income (loss) \$	Capital gain (loss) \$

c) Simultaneous death

Description	Income (loss) \$	Capital gain (loss) \$

D) Cash Position of the Estate

NAME: _____

Cash Position of the Estate as at _____

	Client \$	Spouse \$	Simultaneous \$
Cash and near-cash assets, as per balance sheet	_____	_____	_____
Plus:			
QPP/ CPP death benefit	_____	_____	_____
Group life insurance death benefit	_____	_____	_____
Individual life insurance death benefit	_____	_____	_____
Life-insured accounts payable and loans	_____	_____	_____
Registered assets*			
Other: _____	_____	_____	_____
Less:			
Liabilities, as per personal balance sheet	_____	_____	_____
Life insurance cash-surrender value	_____	_____	_____
Loans on life insurance contracts	_____	_____	_____
Death-related expenses	_____	_____	_____
Taxes at death		_____	_____
Other: _____	_____	_____	_____
Plus (less):			
Surviving spouse's cash, as per balance sheet	_____	_____	_____
CASH SURPLUS (DEFICIT)	_____	_____	_____

* if registered assets are included in the calculation of taxes at death in the balance sheet rather than rolled over to the spouse

APPENDIX V

MODEL REPORT

This model report is offered as a general reference.
It does not contain a full analysis in the prescribed form.
It simply suggests the various elements of analysis and recommendation.

Mr. _____
and
Ms. _____

SUMMARY OF CLIENT GOALS

Personal and family situation

- Get married.
- Determine the consequences of a marriage or relationship break-up.

Financial situation

- Ms. _____ wants to reimburse her mortgage as quickly as possible.
- The clients wish to determine their net worth.
- They also wonder whether their investments are really suited to their situation.

Tax situation

- The clients would like to reduce their income taxes.
- They want to increase their after-tax investment income.

Children's education funding situation

- The clients would like to find out about the various funding options for the children's studies and determine how much they need to save.

Retirement planning situation

- The clients want to retire at 55.
- They also want to maintain their current lifestyle, except for expenses related to their children, and the mortgage, which will be paid off.

Estate planning situation

- The clients are wondering whether they should write a will.
- They would like to evaluate the amount of life insurance they need to maintain 80% of the current cost of living for the next 25 years.
- They want to know what types of life insurance products are available.

Protection situation

- Look into disability insurance.
- Evaluate the opportunity to draw up a mandate in case of incapacity.

PERSONAL AND FAMILY SITUATION

Analysis

- Mr. _____ and Ms. _____ are married under a regime of partnership of acquests.
- They are not subject to family patrimony rules.
- The family patrimony is comprised of:
 - residence (for family usage)
 - car (for family usage)
 - RRSP and pension funds
 - benefits accrued under the Quebec Pension Plan
- The acquests also include all assets acquired and investments made since the marriage, as well as the increase in value of all assets owned at the time of the marriage.

Recommendations

- It would be advisable to draw up a common-law relationship agreement.

FINANCIAL SITUATION

Analysis

- According to the personal balance sheet, Mr. _____'s net worth is \$ _____ and Ms. _____'s net worth is \$ _____. (Appendix A)
- Their cost of living is \$_____.
- The emergency fund should be the equivalent of three months' expenses, or \$ _____.
- The clients have a balance of \$ _____ in their joint chequing account with _____ Bank.
- They have a \$ _____ line of credit at a preferential rate of prime+0.5% with an outstanding balance of \$ _____.
- Their emergency fund is insufficient.
- They are the joint owners of a single family dwelling in Montreal. The market value of the house is estimated at \$_____.
- The clients have a joint mortgage on the house with a remaining balance of \$_____. The mortgage rate is _____%. The biweekly payments are \$_____. The maturity date is _____. The remaining amortization period is _____.
- Mr. _____ has a car loan with _____ bank, with a remaining balance of \$_____, an interest rate of _____%, and monthly payments of \$_____. The maturity date is _____.
- The clients' savings capacity is \$_____. (Appendix D)
- The clients' investor profile is as follows, based on the completed questionnaire:

	Mr. %	Ms. %
Liquid securities	_____	_____
Fixed income securities	_____	_____
Growth securities	_____	_____
	100	100

- Their investment portfolios are distributed as follows:

	Mr.		Ms.	
	\$	%	\$	%
Liquid securities	_____	_____	_____	_____
Fixed income securities	_____	_____	_____	_____
Growth securities	_____	_____	_____	_____

- An analysis of the portfolios reveals the following information:

- _____
- _____
- _____
- _____
- _____

Recommendations

- The clients should keep between \$0 and \$5000 in cash in their chequing account and keep some room on their personal line of credit.
- Mr. _____ should repay his car loan using cash on hand.
- When the mortgage comes due, the clients could repay part of the loan.
- They should adjust their investment portfolios as follows:

- _____
- _____
- _____
- _____
- _____

TAX SITUATION

Analysis

- The marginal tax rate of both of the clients is ____%.
- Mr. _____'s effective tax rate is ____%.
- Ms. _____'s effective tax rate is ____%.
- Interest on personal loans is not deductible (car loan, mortgage, etc.).
- The clients realized no capital gains in 2001, 2002 and 2003.
- Mr. _____ has \$_____ in net deferrable capital losses; Ms. _____ has no net deferrable capital losses.
- The clients do not use tax shelters.

- The clients omitted the following in their tax declarations:

- _____
- _____
- _____
- _____
- _____

Recommendations

- It would be beneficial to invest in the following tax shelters:

- _____
- _____
- _____
- _____
- _____

- It would be advisable to change previously filed tax declarations to declare the following tax deductions and tax credits:

- _____
- _____
- _____
- _____
- _____

CHILDREN’S EDUCATION FUNDING SITUATION

Analysis

- The clients have two children (_____ and _____) aged _____ and _____.
- To date they have saved nothing toward their education.
- The following savings options are available for the children’s education:
 - RESP
 - universal life insurance
 - trust
- Only RESPs offer a 20% grant (up to a maximum of \$400 per year). The maximum lifetime grant is \$7,200.
- The contributions are non-deductible.
- The maximum allowable contribution is \$4000 per year (\$42,000 for life).
- The accumulated income and grants will eventually be taxable in the child’s hands.
- It is possible to catch up on unused grants since 1998 or since the birth of the child.
- Both spouses can be named as subscribers.
- With a family plan, if only one of the children decides to pursue postsecondary education, \$7,200 of the CESG can be used, and the remainder has to be reimbursed.

- If neither of the children pursues secondary education:
 - the contributions can be withdrawn but the grants must be repaid
 - the income can be transferred to an RRSP, up to \$50,000 per subscriber; otherwise the income will be subject to a penalty of 20%
- The couple will have to save \$_____ per year to pay for their children's education. (Appendix E)
- Taking the 20% grant into consideration, the personal savings required will be \$_____.
- The amounts paid out to the children when they are studying can be used for any purpose, not just paying tuition.

Recommendations

- The couple should consider starting a family Registered Education Savings Plan for their children.
- Both parents should be named as subscribers to the plan.

RETIREMENT PLANNING SITUATION

Analysis

- Mr. _____ has \$_____ in his RRSP.
- Ms. _____ has \$_____ in her RRSP.
- Ms. _____ belongs to a defined benefit pension plan with the following features:
 - _____
 - _____
 - _____
 - _____
 - _____
- Mr. _____'s maximum RRSP contribution for this year is \$_____.
- Ms. _____'s maximum RRSP contribution for this year is \$_____ because she has a pension adjustment factor of \$_____.
- Mr. _____'s employer offers a group RRSP to which he contributes _____ % and his employer contributes _____ %.
- The clients maximize their RRSP contributions and have no unused contribution room.
- According to Appendix E, the family has a shortfall of \$_____ per year to achieve their retirement objectives.
- They do not contribute to spousal RRSPs.

Recommendations

- The clients should continue to contribute the maximum to their RRSPs at the beginning of the year.
- Ms. _____ could put \$_____ annually into Mr. _____'s RRSP.

ESTATE PLANNING SITUATION

Analysis

- Mr. _____'s estate is worth \$_____, Ms. _____'s is worth \$_____ and the combined estate is worth \$_____ in the event of simultaneous death. (Appendix B)
- The cash position of Mr. _____'s estate is \$_____, the cash position of Ms. _____'s estate is \$_____, and the cash position of the combined estate, in the event of simultaneous death, is \$_____. (Appendix C)
- Taxes payable on death will be \$_____ for Mr. _____ and \$_____ for Ms. _____. In the event of simultaneous death, the taxes will be \$_____. (Appendix B)
- The clients have no will. They have a so-called "last survivor" clause in the marriage contract.
- At the death of either of them, their assets will devolve completely to the survivor. In the event of simultaneous death, their assets will be divided between their children.
- The clients have not designated a liquidator or a replacement.
- They have not designated a tutor for the children or a replacement.
- Any interested person could request to have a liquidator named.
- Any interested person could request to have a tutor named.
- The clients have the following life insurance coverage:
 - Mr. _____ has \$_____ in coverage and the beneficiaries are his heirs and assigns
 - Ms. _____ has \$_____ in coverage and the beneficiaries are her heirs and assigns.
- According to Appendix G, they need additional life insurance of \$_____ in the event of Mr. _____'s death and \$_____ in the event of Ms. _____'s death.
- Their loans are not covered by life insurance.

Recommendations

- Consider writing a notarized will containing the following clauses:
 - appoint liquidators and replacements
 - create testamentary trust for the children or extended administration
 - appoint trustees and replacements
 - grant full powers of administration to the liquidators
 - appoint tutors for minors on the death of the second parent
 - authorize the liquidator to proceed with the distribution of the estate
 - determine the age of inheritance for the children
 - limit investments to presumed sound investments
 - determine the age of inheritance for the children to receive the capital
 - consider the difference in their ages in the distribution of the capital
 - allow for the possibility of early possession for serious reasons
 - allow for the possibility of delayed possession for serious reasons
- Consider purchasing term life insurance in the amount of \$_____ on Mr. _____ and in the amount of \$_____ on Ms. _____.

PROTECTION SITUATION

Analysis

- The clients do not have mandates in case of incapacity.
- They do not have general powers of attorney.
- In the event of their incapacity, it would be necessary to institute protective supervision (tutorship, curatorship or tutorship council of a person of full age).
- The clients will not be able to choose who is in charge of administering their assets and overseeing the material wellbeing of their children.
- They do not have long-term car protection or critical illness protection.
- Mr. _____ has disability insurance worth _____ % of his salary, non-taxable and payable until the age of 65. This protection will give him \$ _____ non-taxable, which is enough to cover more than 50% of his cost of living.
- Ms. _____ has disability insurance worth _____ % of her salary, taxable and payable until the age of 65. This protection will give her \$ _____ before taxes, or about \$ _____ after tax (tax rate of _____ %), which is enough to cover more than 50% of her cost of living.

Recommendations

- Draw up a general power of attorney with a notarized mandate in case of incapacity to do the following:
 - appoint replacement mandataries
 - appoint a tutor for the children
 - grant simple power of administration for the period preceding proof of incapacity
 - grant full power of administration for the period following proof of incapacity
 - limit investments to presumed sound investments
 - set out provisions related to the material wellbeing of the children
 - evaluate advisability of naming a mandatory to the property other than the mandatory to the person
 - create a control mechanism for the mandatory to the property demanding a full accounting to the replacement mandatory.

Appendix A

Mr. _____

and

Ms. _____

Personal balance sheet as at _____
(*unaudited*)

	Mr. \$	Ms. \$	Total \$
ASSETS			
Cash and near-cash assets			
Bank accounts (note 3)	_____	_____	_____
Term deposits (note 4)	_____	_____	_____
Common shares (note 5)	_____	_____	_____
Total cash and near-cash assets	_____	_____	_____
Personal assets			
Main residence (note 6)	_____	_____	_____
Cars (note 7)	_____	_____	_____
Total personal assets	_____	_____	_____
Registered assets			
RRSP (note 8)	_____	_____	_____
Registered pension plan (note 9)	_____	_____	_____
LIRA (note 10)	_____	_____	_____
Total registered assets	_____	_____	_____
TOTAL ASSETS	_____	_____	_____
LIABILITIES			
Personal loans			
Line of credit (note 11)	_____	_____	_____
Car (note 12)	_____	_____	_____
Total personal loans	_____	_____	_____
Mortgage loans			
Main residence (note 13)	_____	_____	_____
Total mortgage loans	_____	_____	_____
TOTAL LIABILITIES	_____	_____	_____
NET WORTH	_____	_____	_____

NOTES TO THE PERSONAL BALANCE SHEET

Note 1 – Civil status

Mr. _____ and Ms. _____, aged ____ and ____ respectively, were married under a regime of partnership of acquests on _____. They have two children, _____ and _____.

Note 2 – Accounting conventions

Assets and liabilities are evaluated at their estimated present value based on statements obtained.

Note 3 – Bank accounts

They have a joint bank account.

Financial institution	Type of account	Balance (\$)
-----------------------	-----------------	--------------

Note 4 – Term deposits

Holder	Financial institution	Date of deposit	Maturity date	Interest rate %	Accumulated value as at \$
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Note 5 – Common shares

Description	Acquisition date	Average cost \$	Annual dividend \$	Quantity	Market value \$	Total \$
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

Note 6 – Main residence

Address	Year of acquisition	Price paid \$	Municipal evaluation \$	Market value \$
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

This residence is jointly owned by Mr. _____ and Ms. _____.

Note 7 – Cars

Model	Year	Acquisition cost (\$)	Market value \$
_____	_____	_____	_____
_____	_____	_____	_____
Total:			_____

Note 8 – Registered Retirement Savings Plan

a) Mr. _____

Description	No. of units	Market value \$	Annual management fee ratio (AMFR) %	Total
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

b) Ms. _____

Description	No. of units	Market value \$	Annual management fee ratio (AMFR) %	Total
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Note 9 – Registered Pension Plan

Note 10 – Locked-In Retirement Account

Description	No. of units	Market value \$	Annual management fee ratio (AMFR) %	Total
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Note 11 – Line of credit

Mr. _____ and Ms. _____ have a \$ _____ joint line of credit with _____ bank at a preferential rate of _____%. Currently there is an outstanding balance of \$ _____ and the rate is _____%. This line of credit is not insured against death or disability.

Note 12 – Personal loan

Mr. _____ has the following car loan:

Description	Loan date	Maturity date	Monthly payment \$	Interest rate %	Original amount \$	Balance \$
_____	_____	_____	_____	_____	_____	_____

This loan is not insured against death or disability.

Note 13 – Mortgage loans

Description	Loan date	Maturity date	Monthly payment \$	Interest rate %	Original amount \$	Balance \$
-------------	-----------	---------------	--------------------	-----------------	--------------------	------------

This loan is not insured against death or disability.

Note 14 – Legal documents

Mr. _____ and Ms. _____ have never had a will other than the “last survivor” clause in their marriage contract. They do not have mandates in case of incapacity or general powers of attorney.

Note 15 – Tax information

	Mr. \$	Ms. \$
Interest income in 2004	_____	_____
Dividend income in 2004 (not grossed up)	_____	_____
Taxes and contributions paid in 2004	_____	_____
Group insurance premiums paid in 2004	_____	_____
Pension plan contributions paid in 2004	_____	_____
Personal RRSP contributions made in 2004	_____	_____
Capital gains realized in 2002, 2003 and 2004	_____	_____
Net deferrable capital losses	_____	_____
Cumulative capital gains exemption	_____	_____
Maximum allowable 2005 RRSP contribution	_____	_____
2004 Pension adjustment (PA)	_____	_____

Note 16 – Protection

The clients both have life insurance coverage through work. Mr. _____ has \$ _____ worth of coverage and the beneficiaries are his heirs and assigns. Ms. _____ has \$ _____ worth of coverage and her beneficiaries are also her heirs and assigns.

They both have short- and long-term disability insurance coverage through work. Mr. _____ has coverage worth _____ % of his salary, non-taxable and payable until the age of 65. Ms. _____ has coverage worth _____ % of her salary, taxable and payable until the age of 65.

They have no critical illness coverage or long-term care insurance.

Appendix B

Mr. _____

and

Ms. _____

Estate balance sheet as at _____
(unaudited)

	Death of Mr. \$	Death of Ms. \$	Simultaneous death \$
Net worth as per personal balance sheet			
<i>Plus:</i>			
QPP death benefit	_____	_____	_____
Group insurance death benefit	_____	_____	_____
<i>Less:</i>			
Death-related expenses	_____	_____	_____
Taxes payable on death	_____	_____	_____
ESTATE ASSETS			
	_____	_____	_____

Note 1: Taxes payable on death

1) Death of Mr.

Description	Income (loss) \$	Capital gain (loss) \$
_____	_____	_____
_____	_____	_____
_____	_____	_____

2) Death of Ms.

Description	Income (loss) \$	Capital gain (loss) \$
_____	_____	_____
_____	_____	_____
_____	_____	_____

3) Simultaneous death

Description	Income (loss) \$	Capital gain (loss) \$
_____	_____	_____
_____	_____	_____
_____	_____	_____

TAX IMPACT AND PRESENTATION IN PERSONAL FINANCIAL STATEMENTS OF VARIOUS REGISTERED PLANS

Vehicle	Beneficiary	New vehicle after death	Tax impact	Presentation in Financial Statements	
				Estate Balance Sheet	Cash Position of the Estate
RPP	Spouse (priority beneficiary)	RRSP ¹	Roll-over	Included if estate goes to the spouse Excluded if estate goes to the children	Excluded upon the first death if estate goes to the spouse Included on simultaneous death because it becomes liquid
	Minor children	Cash ²	Taxes paid by beneficiaries	Included if estate goes to the children	Included unless an annuity is purchased
	Other	Cash	Taxes paid by beneficiaries	Included if estate goes to this beneficiary	
LIRA	Spouse (priority beneficiary)	RRSP ¹	Roll-over	Included if estate goes to the spouse Excluded if estate goes to the children	Excluded on the first death if estate goes to the spouse Included on simultaneous death because it becomes liquid
	Minor children	Cash ²	Taxes paid by beneficiaries	Included if estate goes to the children	Included unless an annuity is purchased
	Financially dependent adult children	Cash	Taxes paid by beneficiaries	Included if estate goes to this beneficiary	
	Other	Cash	Taxes paid by the deceased		
RRSP	Spouse	RRSP	Roll-over	Included if estate goes to the spouse Excluded if estate goes to the children	Excluded on the first death if estate goes to the spouse Included on simultaneous death because it becomes liquid
	Minor children	Cash ²	Taxes paid by beneficiaries	Included if estate goes to the children	Included unless an annuity is purchased
	Financially dependent adult children	Cash	Taxes paid by beneficiaries	Included if estate goes to this beneficiary	
	Other	Cash	Taxes paid by the deceased		

¹ In the case of a federal RPP or a locked-in RRSP, the RRSP remains locked in when transferred to the spouse.

² Possibility of purchasing an annuity certain for a period of 18 years less the age of the child.

Appendix C

Mr. _____

and

Ms. _____

Cash position of the estate as at _____

	Death of Mr. \$	Death of Ms. \$	Simultaneous death \$
<hr/>			
Cash and near-cash assets according to personal balance sheet			
<i>Plus:</i>			
QPP death benefit	_____	_____	_____
Group life insurance death benefit	_____	_____	_____
Registered assets	_____	_____	_____
<i>Less:</i>			
Liabilities according to personal balance sheet	_____	_____	_____
Death-related expenses	_____	_____	_____
Taxes payable on death	_____	_____	_____
<i>Plus (less):</i>			
Cash assets of surviving spouse according to personal balance sheet	_____	_____	_____
CASH SURPLUS (DEFICIT)	_____	_____	_____

Appendix D

Mr. _____

and

Ms. _____

SAVINGS CAPACITY

	Mr.	Ms.	Total
	\$	\$	\$
Income			
Employment	_____	_____	_____
Interest	_____	_____	_____
Dividends	_____	_____	_____
Total income	_____	_____	_____
Taxes and other contributions			
Taxes and contributions	_____	_____	_____
RPP or group RRSP contributions	_____	_____	_____
Group insurance premiums deducted as source	_____	_____	_____
Total taxes and other contributions	_____	_____	_____
After-tax income	_____	_____	_____
<i>Less:</i>			
Cost of living	_____	_____	_____

Appendix E

Mr. _____

and

Ms. _____

ANALYSIS OF CHILDREN EDUCATION FUNDING NEEDS

	1st child	2nd child
Name	_____	_____
Age	_____	_____
Expected cost per year (in today's dollars)	_____	_____
Number of years of studies	_____	_____
Inflation rate	_____	_____
Rate of return	_____	_____
Annual savings required	_____	_____

Determination of annual savings required

1st child

Expected cost at beginning of studies (indexed) in ___ years: \$ _____
Amount required at beginning of ___ years of studies in ___ years: \$ _____
Annual savings required to accumulate \$ _____ in ___ years: \$ _____

2nd child

Expected cost at beginning of studies (indexed) in ___ years: \$ _____
Amount required at beginning of ___ years of studies in ___ years: \$ _____
Annual savings required to accumulate \$ _____ in ___ years: \$ _____

Appendix F

Mr. _____

and

Ms. _____

EVALUATION OF NEEDS IN RETIREMENT

	55 to 60 years	60 years and over
Desired cost of living		
Income		
QPP		
RPP		
RRSP ¹		
Total		
<i>Less: taxes (30%)</i>		
Income available after taxes		
ANNUAL SHORT-FALL (SURPLUS)		

	Current savings	Future savings (beginning of period)	Total savings	Income (beginning of period)
Mr.		PMT = i = N = PV =		PV = i = N = PMT =
Ms.		PMT = i = N = PV =		PV = i = N = PMT =

Note: Old Age security is not taken into consideration.

¹ RRSP savings: _____

Appendix G

Mr. _____
and
Ms. _____

**ANALYSIS OF ESTATE PLANNING SITUATION –
CALCULATION OF CAPITAL REQUIREMENTS**

	Death of Mr. _____	Death of Ms. _____
Current age		
Period to cover (in years)		
Rate of return		
Inflation rate		
Desired cost of living (80% × \$ _____)		
<i>Less:</i>		
Income from cash assets of the estate		
Surviving spouse's income		
QPP surviving spouse's pension		
Gross income available		
<i>Less:</i>		
Taxes (35%)		
Total income after taxes		
Annual cost of living short-fall		
REQUIRED CAPITAL¹		

[The next page is 201]

¹ Calculation of required capital:
Begin
 Real rate $i =$
 $N =$
 $PMT =$
 Comp PV =

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To come.