



COMPASS
WEALTH PARTNERS

Case Study – Sanjay and Alicia

*“How Easily a Couple Went From Major Financial Risks
To Achieving Their Dreams of Retirement”*

This is a case study based on our experience dealing with clients.

Executive Summary

Sanjay and Alicia were referred to us by a family member after they realized that their financial situation was too complex to navigate on their own. Collectively, they had never worked with a financial planning office before and were skeptical and hesitant to meet with us. They had felt that their own financial decisions had served them well over the years but had suddenly realized the limitations of their own knowledge and abilities as they approached retirement age.

The outcome of our help brought them a renewed sense of financial security:

- After careful review, we had identified that Sanjay and Alicia had enough assets to provide for the retirement lifestyle that they so desired, including annual memberships at their favourite golf club in Toronto and enough to travel back to India regularly to visit Sanjay's family and further trips abroad. ***Our retirement plan expedited their retirement dreams into today's reality.***
- Most notably, we were able to uncover and address some pretty significant financial risks due to the financial decisions that Sanjay and Amy had made that put their entire retirement security at risk.
- We helped Sanjay and Amy develop an income tax plan to significantly reduce taxes owed at death, while maximizing their total estate value.

About

Fifty-nine year old Sanjay is a Production Manager at a manufacturing facility in Scarborough, ON. He works long hours, but his real passion and hobby has been buying and selling real estate in his hometown of Toronto, ON. Sanjay's wife Alicia works part-time at a Loblaw's store only a few blocks from their main residence. Over the years, Sanjay and Amy have accumulated a total of 4 properties in Toronto, one of which includes their principal residence which they've called home for the last 13 years. Sanjay and Alicia together have total RRSP assets of \$114,700 but their real estate holdings are estimated to be worth \$3.1 million dollars.

Challenges

The top 3 challenges that we helped Sanjay & Alicia overcome were:

1. Concern about the lack of liquidity in their financial assets to provide a sufficient retirement income.
2. Significant income tax liability on the investment properties.
3. Being able to emotionally accept a different path with their asset strategy given that this same path has led to their financial success and wealth.

How We Helped

In our first meeting with Sanjay and Alicia, it was very clear that there was some hesitation and skepticism about how we might respond to the financial challenges that they were facing.

In our initial discovery, we had clearly identified that Sanjay & Alicia had accumulated more than enough financial assets to provide the retirement lifestyle they desired. This very fact seemed to bring them a great sense of relief. However, their biggest challenge was figuring out how to create a reliable retirement income stream as most of their financial assets were tied up in their real estate holdings.

Sanjay was initially very guarded about his real estate investments. As he put it, they were the single reason why he and Alicia were in the financial position that they are today. However, we eventually discussed the significant financial risks that they could face should the family's all-encompassing trust in the frothy Toronto real estate market lead them to a steep fall or if any part of their plan falters.

Depending on the real estate market's future trajectory, the family could become millionaires several times over—but if they're unlucky, they might not have enough to live on. Our advice was to better DIVERSIFY their financial assets.

In the end, we were able to recommend a plan that allowed them to keep two of their real estate holdings while diversifying the remainder of their assets into a mixture of cash, GICs, mutual funds and life insurance policies. We helped them develop a reliable income stream that they now know they can count on. Further, we were able to address some significant tax issues they had to try and maximize their overall estate value.

After putting a plan into place for Sanjay & Alicia, we were able to help them:

- Diversify away from the serious risks that their real-estate heavy financial portfolio presented, building a better sense of financial security into their financial futures.
- Put a tax plan into place to help them maximize their overall estate value to their children.
- Creation of a more stable and reliable retirement income stream to give them the peace of mind that they could do the things they dreamed of in retirement.

Our Special Gift to You – Get Your FREE Wealth Assessment

Are you action oriented and ready to take control of your financial future but not sure how to take the steps to get there? We'd love to chat with you to see how else we can further help you. For a FREE Financial Independence Assessment (over the phone or in person) call or email us and book your consultation today!

Call (877) 833-4770 or email us at info@compasswealthpartners.ca

Mailing Address:
Compass Wealth Partners
92 Albert Street
Oshawa, ON L1H 4R2



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