COMPASS
WEALTH PARTNERS

Case Study - Beverly

"How a Self Employed Advertising Professional
Super Charged Her Retirement Dreams"

Case Study

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

Executive Summary

Beverly was a self-employed advertising professional and we first met with her as she was nearing her final working years of her career. She ran a home-based advertising agency which she built up with hard work and sheer dedication while raising her 2 children Janet & Michael.

The outcomes of our help translated to the following for Beverly:

- As part of our retirement planning conversations, we helped Beverly come to the conclusion that there was a saleable value to her business which she never really considered. When she eventually sold her client list and business assets for $225,000, this was an unexpected "windfall" for Beverly as she never expected to get any saleable value for her business.
- We developed an investment plan that clearly addressed Beverly's #1 concern which was "I don't want to permanently lose my money". We were able to address her concerns about "risky investments" without compromising on her retirement goals and objectives.
- We helped Beverly address some charitable gifting ideas which provided some tax relief but more importantly helped her leave a legacy in her local community.

About

Beverly was fifty-one years old when we first met her. In our early discussions it became clear to us that she was no stranger to heart-ache, adversity and financial challenges throughout her life. When she was a teenager, her Mom tragically passed away due to complications during a routine surgery. Later in her life, Beverly's husband Michael Sr. passed away in a boating accident at his age of 36 when Beverly's kids were young. Raising 2 young children on her own as a single mother was no easy task.

Beverly had to juggle everything at home – from running the kids to extra-curricular activities, making meals to inking business deals during the day to keep her advertising business going. Running her home-based business definitely allowed her to tend to her children when they were young and provided continued flexibility later in her career.

In chatting with Beverly, it was clear that the conversation about "retirement" carried a lot of emotional baggage – which over the years led to Beverly simply ignoring any meaningful retirement savings. To this point, her Locked-in-Retirement-Account from a previous employer had grown to almost $80,000 in value. Further, when Michael Sr. passed away, she also received the benefits of a life insurance policy. However, almost half the proceeds of the $500,000 policy were gone at this point as the proceeds helped fund various income needs Beverly had while raising her 2 kids as a single mother.

Challenges

The top 3 challenges that we helped Beverly overcome were:

1. How to help her realize her retirement goals & objectives with limited retirement savings at her age of 50.

2. How to help her realize her retirement goals & objectives given that she has a limited tolerance for investment risk (her fear of "permanently losing her money").

3. How to help her save for retirement given that she works in a business where cash flow is not consistent and steady – rather it ebbs & flows.

How We Helped

Retirement planning for Beverly took on a number of challenges. She had not saved very much prior to her 50s and she had very ambitious retirement dreams, which included plenty of travel, volunteerism and charitable giving. Her reluctance to take on much of any risk in her investment portfolio also meant that there would be greater challenges when trying to help her meet her goals.

Beverly's Locked-in-Retirement-Account (LIRA) and the remainder of the proceeds of the death benefit from Michael Sr.'s passing totalled $337,000. The LIRA account had been invested in a diversified bond portfolio at her local bank and the remainder of the death benefit proceeds which she no longer needed to provide an active income had remained in cash earning 0.5% at the bank. In reviewing Beverly's circumstances, including her stated retirement goals, it was clear that the current investment strategy would not help her meet her objectives.

In presenting our investment plan to Beverly, we wanted to honour and address Beverly's concern about "losing her hard earned money", while at the same time recommending a program that would help her have the opportunity to meet her retirement goals. We suggested maintaining a balance, albeit much smaller amount, of cash because it was clear to us that cash was something that made Beverly feel safe and secure. From there, we suggested investing in a diversified basket of segregated funds which helped address the need for better compounding yet provided Beverly with maturity guarantees that helped her feel more secure in knowing that she had some form of protection with her investments.

From there we planned quarterly phone calls to review her business cash flows to ensure she made regular contributions to her retirement savings program.

Results

The results of our retirement planning for Beverly were the following:

- Beverly's shift in her investment plan, coupled with her aggressive savings approach later in her career, allowed her to turn what seemed an impossible retirement dream into reality.
- Beverly was able to pursue her strong desire to leave a legacy and support a number of local charitable organizations.
- Beverly was able to turn something scary ("retirement") into a life of peace, happiness and fulfillment.

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