



*Macdonald, Shymko & Company Ltd.*

FEE ONLY FINANCIAL ADVISORS/INVESTMENT COUNSEL

# FINANCIAL PLANNING REPORT

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## THE ROLE OF A PROFESSIONAL FINANCIAL ADVISOR

**W**hat role do you want a Financial Advisor to play in your financial affairs? Are you looking for a quick 'tune up' to check on your current financial strategies? Do you want a continuing relationship with a financial advisor to provide ongoing independent advice?

Be clear in your own mind as to the level of help you're seeking and the role you wish the advisor to play, then select the firm which can best provide that level of expertise. Here are some questions to ask your prospective or current advisor:

### *What's their experience?*

Currently in Canada, there is little restriction on anyone calling themselves a financial planner or financial advisor. Make sure your planner's experience is appropriate to the task.

Does he or she have the prestigious professional designation in financial planning, the **R.F.P.** (Registered Financial Planner), which is conferred by the Canadian Association of Financial Planners? Other educational designations, coupled with the R.F.P., are indications of appropriate experience and education. You want someone who is fully

experienced with the process of comprehensive financial planning, not just certain aspects, e.g. mutual funds.

*"There is no substitute for experience"*

### *How are they paid?*

Most financial planning requires planning, not products, to achieve the stated objectives. There are two basic methods of remuneration—commission and fee, but often remuneration is hidden or indirect.

Some firms offer 'free' financial planning. Their planners are compensated through commissions on products (insurance, mutual funds, etc.). Some planners may be compensated through ongoing participation in investment management fees, commonly referred to as 'trailers'. Some may assess a fee for the financial plan and a commission for implementation of the plan. This method of remuneration is often called 'fee-based', which should never be confused with 'fee only'.

Still others, like Macdonald, Shymko & Company are 'fee only' advisors. They accept no commissions and are compensated

solely through professional fees levied to clients. This philosophy of no product sales is the cornerstone of our firm's long-term success. This allows the flexibility needed to provide a broader range of advice.

Each method of remuneration has its pros and cons. Only you can determine which is best for you.

*"The most expensive advice is free"*

### *Their role*

While the role of a Financial Advisor will vary for each client depending on their circumstance, the basic role of an advisor is to provide guidance, information, alternatives, and to allow the client to make informed decisions. An independent assessment is the cornerstone of any client/advisor relationship.

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# Do you need a financial advisor?

- I am satisfied that I'm achieving my financial goals.*
- I don't worry about money.*
- I'm allocating adequate time to managing my personal finances.*
- I'm aware of all the relevant information and alternatives*

If you answered "yes" to all of the above questions, chances are you don't need a financial advisor. Not everyone does. If you have the proper

experience and training, you're probably the best person to manage your finances.

However, even those with considerable expertise often find that a second opinion from an independent objective source is valuable. They may simply want a financial "check-up", to ensure that they've covered all the bases.

To review our on-line library of financial planning articles, visit our website at [www.macdonaldshymko.com](http://www.macdonaldshymko.com)

*"Procrastination is the thief of time"*

## A sampling of our services

### ***Comprehensive Financial Planning***

The comprehensive planning process begins with data gathering and determination of your objectives and goals. This process covers such diverse areas as cash management, tax analysis, estate planning, risk assessment, financial independence modeling, investment management analysis and tax return preparation.

After the development of a plan and implementation of recommendations, our contact and follow-up continues on a periodic basis. When the situation demands it, we provide proactive advice on appropriate strategies.

At least once a year, we conduct a critical review of the client's

financial situation in order to assess whether the plan requires modification. As people move through their lives, their circumstances and requirements change. Our role is to ensure that their financial plan keeps pace.

### ***Financial Planning 'Check Up'***

A number of clients are confident in their own ability to prepare and implement a financial plan. However, recognizing the importance of the plan to their future financial independence, they appreciate a second opinion and access to more sophisticated strategies. We review their goals with them and provide an objective point of view on whether they are implementing strategies

in the most effective manner.

### ***Corporate Programs***

Corporations often engage us to provide ongoing advice to their staff—typically executives, managers and key personnel. Our clients have told us that this service frequently provides greater peace of mind for their employees, reducing stress and enabling them to be more productive on the job while freeing up time for personal activities.

*"Our role is to provide an objective analysis of options for individuals."*

# STRATEGIC ASSET MANAGEMENT (S.A.M.)

This is a service provided to various clients of Macdonald, Shymko & Company who wish to have peace of mind that their investments are consistent with their goals, are monitored on an ongoing basis, evaluated against appropriate benchmarks, and adjusted when required. S.A.M. consolidates various activities, accounts, etc. into a single statement for the family, providing an overview of their entire portfolio. A Portfolio Approach is a key to long-term success and to achieving goals within the financial planning process.

***Over 80% of portfolio return is determined by asset allocation, not investment selection***

What the S.A.M. process will do for you:

## ***Analyze Current Position***

Review existing assets to determine the family's total portfolio in registered retirement, personal, corporate, estate, trust and/or education savings plan accounts.

## ***Establish Asset Allocation***

Determine total portfolio's asset allocation strategy based on several asset class categories.

## ***Determine Risk Tolerance Levels***

Complete a questionnaire to establish your comfort level and aversion toward risk.

## ***Formalize Investment Policy Statement***

Outlines the family's time horizon, tax situation and portfolio goals (income generation, capital appreciation or both).

## ***Determine Appropriate Portfolio***

The asset allocation will be custom tailored based on your income and/or capital generation needs, while taking your risk tolerance into full consideration. A diversified portfolio balanced with cash, bonds and equities is the goal. Your specific circumstances and financial goals (short- and long-term) will determine the balance.

## ***Implement Recommendations***

Instructions will be given to your existing investment broker(s). If you do not have an existing investment broker, we will assist you in selecting an appropriate relationship to facilitate your transactions.

## ***Monitor Portfolio***

Our firm has in-house proprietary research that tracks the performance of mutual funds. We regularly evaluate your portfolio

to ensure that it maintains an appropriate risk/reward relationship to achieve your financial goals.

## ***Provide Quarterly Reports & Economic Commentary***

Each quarter you are provided with a report outlining your assets, original cost, adjusted cost base, ownership status, and market valuation at the quarter end. Quarterly and annual returns are provided for each asset you own and the weighted return is provided for each asset category and on a total portfolio basis. Your asset allocation is reported in graphical form and reviewed to ensure your asset allocation targets are in line with your Investment Policy Statement.

## ***Discuss Portfolio Suggestions***

Portfolio suggestions and comments provided in the report are then discussed by you with your financial advisor. Our office can implement any required portfolio re-shuffling.

***Clients often continue to take an active role—this is encouraged***

